

**KORI HOLDINGS LIMITED**

**Unaudited Full Year Financial Statement and Dividend Announcement  
For the Financial Year Ended 31 December 2019**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) (i) **An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Financial year ended 31 December 2019 (“FY2019”) vs. financial year ended 31 December 2018 (“FY2018”)

	Group		Increase / (Decrease) %
	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000	
<b>Revenue</b>	17,263	26,134	(33.9)
Cost of works	(12,353)	(18,598)	(33.6)
<b>Gross profit</b>	4,910	7,536	(34.8)
Other income	155	217	(28.6)
Interest income	15	9	66.7
<b>Expenses:</b>			
Administrative expenses	(3,064)	(3,232)	(5.2)
Other expenses	(1,344)	(2,890)	(53.5)
Loss allowance on trade, retention and other receivables	(235)	(1,036)	(77.3)
Finance costs	(270)	(282)	(4.3)
<b>Profit before income tax</b>	167	322	(48.1)
Income tax expense	(57)	(71)	(19.7)
<b>Net profit for the year</b>	110	251	(56.2)
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss subsequently			
Currency translation differences arising from foreign operations	6	13	(53.8)
<b>Total comprehensive income for the year</b>	116	264	(56.1)
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic & Diluted (Cents)	0.11	0.25	(56.0)

N.M. - Not meaningful

The Group's profit before income tax is arrived at after crediting/ (charging):

	Group		Increase / (Decrease) %
	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000	
Loss on foreign exchange	10	3	(233.3)
Loss on disposal and write-off of property, plant and equipment	(1,089)	(2,890)	(62.3)
Government grants income	28	65	(56.9)
Interest income from bank deposits	15	9	66.7
Loss allowance on trade, retention and other receivables	(235)	(1,036)	(77.3)
Trade receivables written-off	-	(383)	N.M.
Interest expense	(270)	(282)	(4.3)
Amortisation of preliminary cost	(598)	(190)	214.7
Depreciation of right-of-use assets	(440)	-	N.M.
Depreciation of property, plant and equipment	(1,462)	(1,530)	4.4
Professional fees	(577)	(666)	(13.7)

N.M. – Not meaningful

	Group		Increase / (Decrease) %
	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000	
<b>Income Tax Expense</b>			
Tax expense attributable to profit is made up of			
- Current income tax	2	26	(92.3)
- Deferred income tax	81	61	32.8
	83	87	(4.6)
Over provision in prior financial years			
- Current income tax	(26)	(16)	(62.5)
- Deferred income tax	-	-	N.M.
<b>Income tax expense</b>	<b>57</b>	<b>71</b>	<b>(19.7)</b>

N.M. - Not meaningful

**1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>	
	<b>31 Dec 2019 (Unaudited) S\$'000</b>	<b>31 Dec 2018 (Audited) S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	1,249	1,365
Fixed deposits pledged	2,046	1,032
Trade and other receivables (Note 1)	9,160	12,536
Contract assets (Note 3)	17,194	16,336
Prepayments	35	27
Income tax recoverable	643	643
<b>Total current assets</b>	<b>30,327</b>	<b>31,939</b>
<b>Non-current assets</b>		
Property, plant and equipment	32,427	32,840
Right-of-use assets	709	-
<b>Total non-current assets</b>	<b>33,136</b>	<b>32,840</b>
<b>Total assets</b>	<b>63,463</b>	<b>64,779</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 2)	4,158	8,942
Contract liabilities (Note 3)	3,240	-
Income tax payable	2	26
Lease liabilities	399	134
Bank borrowings	3,820	4,106
<b>Total current liabilities</b>	<b>11,619</b>	<b>13,208</b>
<b>Non-current liabilities</b>		
Lease liabilities	205	128
Deferred tax liabilities	397	317
<b>Total non-current liabilities</b>	<b>602</b>	<b>445</b>
<b>Total liabilities</b>	<b>12,221</b>	<b>13,653</b>
<b>NET ASSETS</b>	<b>51,242</b>	<b>51,126</b>
<b>EQUITY</b>		
Share capital	32,291	32,291
Retained earnings	44,573	44,463
Merger reserve	(25,628)	(25,628)
Currency translation reserve	6	-*
<b>Total equity</b>	<b>51,242</b>	<b>51,126</b>

\*Amount less than S\$1,000

	<b>Company</b>	
	<b>31 Dec 2019 (Unaudited) S\$'000</b>	<b>31 Dec 2018 (Audited) S\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	74	13
Trade and other receivables	994	990
<b>Total current assets</b>	<b>1,068</b>	<b>1,003</b>
<b>Non-current assets</b>		
Investment in subsidiaries	27,070	27,070
<b>Total non-current assets</b>	<b>27,070</b>	<b>27,070</b>
<b>Total assets</b>	<b>28,138</b>	<b>28,073</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	58	59
Income tax payable	2	6
<b>Total liabilities</b>	<b>60</b>	<b>65</b>
<b>NET ASSETS</b>	<b>28,078</b>	<b>28,008</b>
<b>EQUITY</b>		
Share capital	32,291	32,291
Accumulated losses	(4,213)	(4,283)
<b>Total equity</b>	<b>28,078</b>	<b>28,008</b>

Notes:

- (1) The Group's trade and other receivables as at the end of respective financial periods comprised the following:

	<b>31 Dec 2019 (Unaudited) S\$'000</b>	<b>31 Dec 2018 (Audited) S\$'000</b>
Trade receivables - non-related parties	7,054	7,652
Less: Allowance for impairment of trade receivables	(699)	(652)
	6,355	7,000
Retention receivables	3,163	5,665
Less: Allowance for impairment of retention receivables	(625)	(582)
	2,538	5,083
Other receivables	178	347
Less: Allowance for impairment of other receivables	(170)	(167)
	8	180
Deposits	259	273
<b>Trade and other receivables</b>	<b>9,160</b>	<b>12,536</b>

- (2) The Group's trade and other payables as at the end of respective financial periods comprised the following:

	31 Dec 2019 (Unaudited) S\$'000	31 Dec 2018 (Audited) S\$'000
Trade payables	1,885	3,278
Other payables	1,503	4,856
Accrued operating expenses	770	808
<b>Total</b>	<b>4,158</b>	<b>8,942</b>

- (3) The Group's contract assets and contract liabilities as follows:

	31 Dec 2019 (Unaudited) S\$'000	31 Dec 2018 (Audited) S\$'000
<u>Contract assets</u>		
Structural steel works	15,629	15,666
Tunnelling works	846	-
	<u>16,475</u>	<u>15,666</u>
Preliminary costs capitalised	719	670
	<u>17,194</u>	<u>16,336</u>
<u>Contract liabilities</u>		
Structural steel works	3,240	-
Tunnelling works	-	-
	<u>3,240</u>	<u>-</u>

#### 1(b) (ii) Aggregate amount of group's borrowings and debt securities

##### Amount repayable in one year or less

	As at 31 Dec 2019 (Unaudited)		As at 31 Dec 2018 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	399	-	134	-
Bank loans	1,000	2,820	1,000	3,106

##### Amount repayable after one year

	As at 31 Dec 2019 (Unaudited)		As at 31 Dec 2018 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	205	-	128	-
Bank loans	-	-	-	-

##### Details of any collateral:

Lease liabilities amounting to S\$0.127 million and S\$0.262 million as at 31 December 2019 and 31 December 2018 respectively are secured by the leased assets (motor vehicle, office equipment as well as machinery).

Bank loans of S\$1.0 million as at 31 December 2019 and 31 December 2018 are secured by fixed deposits of S\$1.0 million pledged to the bank.

As there was an increase in the credit line during FY2019 (although it was not utilised in the form of a bank loan), additional security in the form of fixed deposit of S\$1.0 million was further pledged in favour of the bank.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>FY2019 (Unaudited) S\$'000</b>	<b>FY2018 (Audited) S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	167	323
Adjustments for:		
Loss on disposal and write-off of property, plant and equipment	1,089	2,890
Depreciation of property, plant and equipment and right-of-use assets	1,902	1,530
Interest income	(15)	(9)
Interest expense	270	282
Bad trade receivables written off	-	383
Loss allowance for trade, other and retention sum receivables	235	1,036
Loss on unrealised currency translation	10	13
Operating cash flows before changes in working capital	3,658	6,448
<b>Changes in working capital</b>		
Trade and other receivables	3,147	2,601
Contract assets	(858)	(7,924)
Prepayments	(8)	46
Trade and other payables	(4,698)	3,185
Contract liabilities	3,240	(207)
Cash generated from operations	4,481	4,149
Income tax paid	-	(717)
<b>Net cash generated from operating activities</b>	4,481	3,432
<b>Cash flows from investing activities</b>		
Interest income	9	9
Additions of property, plant and equipment	(3,065)	(1,468)
Proceeds from disposals of property, plant & equipment	449	3,568
<b>Net cash (used in)/generated from investing activities</b>	(2,607)	2,109
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders	-	(99)**
Interest paid	(267)	-
Bank deposit pledged	(1,015)	(9)
Proceeds from borrowings	4,987	2,953
Repayment of lease liabilities	(423)	(143)
Repayment of bank borrowings	(5,272)	(8,704)
<b>Net cash used in financing activities</b>	(1,990)	(6,002)
Net decrease in cash and cash equivalents	(116)	(461)
Cash and cash equivalents at the beginning of the financial year	1,365	1,826
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,249</b>	<b>1,365</b>

\* Amount less than S\$1,000

\*\* Dividends declared in FY2017 and paid in FY2018

Note:

- (1) Cash and cash equivalents at the end of the respective financial years comprise the following:

	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000
Cash at bank and on hand	1,249	1,365
Short-term bank deposit	2,046	1,032
Cash and bank balances per consolidated statement of financial position	3,295	2,396
Less: short-term bank deposit pledged	(2,046)	(1,032)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>1,249</b>	<b>1,365</b>

- 1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital S\$'000	Retained earnings S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Total S\$'000
<b>(Unaudited)</b>					
<b>Balance as at 1 January 2019</b>	32,291	44,463	-	(25,628)	51,126
Total comprehensive income for the financial year	-	110	6	-	116
<b>Balance as at 31 December 2019</b>	32,291	44,573	6	(25,628)	51,242
<b>(Audited)</b>					
<b>Balance as at 1 January 2018</b>	32,291	41,155	(17)	(25,628)	47,801
Prior year restatements	-	4,028	4	-	4,032
Effect on adoption of SFRS(I)	-	(872)	-	-	(872)
As restated	32,291	44,311	(13)	(25,628)	50,961
Total comprehensive income for the financial year	-	251	13	-	264
Dividends paid for FY2018	-	(99)	-	-	(99)
<b>Balance as at 31 December 2018</b>	32,291	44,463	-	(25,628)	51,126

Company	Share capital S\$'000	(Accumulated losses) / Retained earnings S\$'000	Total S\$'000
<b>(Unaudited)</b>			
<b>Balance as at 1 January 2019</b>	32,291	(4,283)	28,008
Total comprehensive income for the financial year	-	70	70
<b>Balance as at 31 December 2019</b>	32,291	(4,213)	28,078
<b>(Audited)</b>			
<b>Balance as at 1 January 2018</b>	32,291	28	32,319
Total comprehensive income for the financial year	-	(4,204)	(4,204)
As previously reported	-	(8)	(8)
Dividends paid for FY2017	-	(99)	(99)
<b>Balance as at 31 December 2018</b>	32,291	(4,283)	28,008



**1(d) (ii) Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Shares	Share capital (S\$)
As at 31 December 2019 and 31 December 2018	<u>99,200,000</u>	<u>32,290,650</u>

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 December 2019 and 31 December 2018.

**1(d) (iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company As at 31 December 2019	Company As at 31 December 2018
Total number of issued shares excluding treasury shares	<u>99,200,000</u>	<u>99,200,000</u>

The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

**1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

**1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during, and at the end of the current financial year reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Group's financial statements for the financial year ended 31 December 2018 were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group's financial statements for the current reporting period have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations of SFRS(I).

Other than the adoption of new SFRS(I) as mentioned in Note 5 below, there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new SFRS(I) 16 *Leases* on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to

recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of FRS17 Leases.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- no reassessment on whether a contract is, or contains a lease, if the contract was entered into before 1 January 2019;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset as the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets as at 31 December 2019 comprise capitalised leases of property, plant and equipment that were previously recorded as off-balance operating leases upon the adoption of SFRS(I) 16, as well as assets under hire purchase financing being reclassified and regrouped from property, plant and equipment during FY 2019.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	FY2019 (Unaudited)	FY2018 (Audited)
Net profit attributable to equity holders of the Company (S\$'000)	110	251
Basic & diluted earnings per share (EPS) in Singapore cents	0.11	0.25

The basic and diluted EPS were the same for FY2018 and FY2019 as there were no potentially dilutive ordinary securities existing during the respective financial years.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	31 Dec 2019 (Unaudited)	31 Dec 2018 (Audited)	31 Dec 2019 (Unaudited)	31 Dec 2018 (Audited)
Net asset value (S\$'000)	51,242	51,126	28,078	28,008
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.52	0.52	0.28	0.28

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Review of the Income Statement of the Group**

#### **FY2019 VS FY2018**

	Steelworks Segment S\$'000		Tunneling Segment S\$'000	
	FY2019	FY2018	FY2019	FY2018
<b>Revenue</b>	15,981	23,250	1,282	2,884
<b>Cost of Sales</b>	(11,616)	(15,823)	(737)	(2,775)

#### **Revenue**

The Group recorded lower revenue in both its steelworks services segment (**Steelworks Segment**) and tunneling services segment (**Tunneling Segment**). Revenue from the Steelworks Segment accounted for approximately 93% of the Group's total revenue in FY2019.

### *Steelworks Segment*

Revenue from Steelworks Segment comprises income from the provision of construction services (**Service**) and income from leasing of steel beams (**Lease**).

The decrease in revenue contribution from both Service and Lease from the Steelworks Segment was mainly due to the decrease in the work done during FY2019, as some projects were reaching completion in FY2018. The decrease was partially offset by revenue contributed from three projects that have newly-commenced in FY2019, being the Circle Line 6 Marina Bay Area project (C886), DTSS Phase 2 project (T10) and North-South Corridor Project (N110).

### *Tunneling Segment*

Revenue from the Tunneling Segment decreased as most of the tunneling projects were near completion in FY2018. And there is only a new project, DTSS phase 2 Tunneling (T10), which commenced in early FY2019.

### Cost of works

Cost of works for both the Steelworks Segment and Tunneling Segment decreased, in line with the decrease in revenue. Circle Line 6 Marina Bay Area project (C886) under the Steelworks Segment which commenced in early of FY2019 incurred S\$3.3 million in FY2019. It contributed to 27% of the Group's total cost of works. The new DTSS Phase 2 project (T10) under the Tunneling Segment which commenced in early of FY2019 and had incurred S\$0.7 million in FY2019. Both projects are the main contributors to the cost of works for Steelworks Segment and Tunneling Segment respectively.

Includes in cost of works was amortization of preliminary costs amounting to S\$0.59 million for FY2019 (FY2018: S\$0.19 million). Preliminary costs mainly represent costs incurred directly to fulfil contracts for the Group. They are first recognized as an asset (included in contract assets) and subsequently amortized over the period of the relevant contracts (included in cost of works) as stipulated by SFRS(I) 15. The amortization amount charged to cost of works mainly depends on the timing of incurrence of these preliminary costs and the period of the respective contracts secured.

### Gross profit margin

As a result of the above, the gross profit margin for FY2019 is remained at relatively the same level as FY2018.

### Other expenses

Other expenses mainly relate to loss on disposal and write-off of property, plant and equipment.

### Depreciation of right-of-use assets

With effect from 1 January 2019, SFRS(I) 16 has been implemented and as such, the depreciation for right-of-use assets recorded amount to S\$0.44 million in FY2019.

### Trade receivables written-off

Trade receivables written-off amounted to S\$0.38 million in FY2018 and no trade receivables were written-off in FY2019 pursuant to management's assessment on the collectability of its receivables.

### Loss allowance on trade, retention and other receivables

The significant decrease in loss allowance on trade, retention and other receivables is mainly due to a higher allowance made for impairment loss (estimated at 80%) on a sum due from a main contractor as it was under judicial administration in a foreign jurisdiction in FY2018. As the judicial administration process has not completed in FY2019, the Company has made an updated assessment on the collectability of the receivables owing from this main contractor and have made an additional 10% provision of impairment loss for the sum of S\$0.132 million in FY2019. The loss allowance in FY2019 was also contributed by a full provision made for impairment loss on other debtors for the sum of S\$0.17 million.

### **Review of the Financial Position of the Group**

The current assets decreased slightly mainly due to the following reasons:

- the decrease in trade and other receivables, largely due to the significant decrease in the retention sum in FY2019, which is in line with the contractual terms of payment; offset by
- the increase in fixed deposit pledged by S\$1.0 million in FY2019.

The non-current assets slightly increased compared with FY2018. It is mainly due to the following reason:

With the adoption of the new SFRS(I) 16 Leases on 1 January 2019, the right-of-use assets amounted to S\$0.472 million had been recorded in FY2019.

Current liabilities decreased mainly due to the decrease in trade and other payables, in line with the decrease in cost of works as several projects had been substantially completed in FY2018. The decrease in other payables is largely due to a significant decrease in advance from customers from the leasing of steel materials. Advance from customers represent mainly the excess of progress billings for leasing of steel materials over the amount recognized as lease revenue, which was recorded on a time-apportioned basis. With the progression of the various projects, advances from customers in FY2019 have decreased.

Contract liabilities mainly consist of S\$3.1 million of advance payment from one of our main contractors in respect of steelwork construction services. The balance of the contract liabilities represents mainly the excess of progress billings over the construction revenue recognized in FY2019. Since the balance of contract liabilities as at 31 December 2018 was not significant, it was grouped under the line item of trade and other payables as at 31 December 2018.

## **Review of the Cash Flow Statement of the Group**

Net cash generated from operating activities amounted to S\$4.5 million; net cash used in investing activities amounted to S\$2.6 million; and net cash used in financing activities amounted to S\$2.0 million in FY2019. The net cash outflow for FY2019 is S\$0.1 million in terms of cash and cash equivalents. Detail of such cash flow movements are set out in paragraph 1(c) above.

As there was an increase in the credit line during FY2019 (although it was not utilised in the form of a bank loan), additional security in the form of fixed deposit of S\$1.0 million was further pledged in favour of the bank.

Less cash used in the financing activities compared with FY2018 is in line with the decrease in cost of works in FY2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial period reported on.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The outlook for the Singapore construction industry for the next 12 months remains positive. The Building and Construction Authority projected S\$28 billion to S\$33 billion worth of construction contracts to be awarded to the industry players in 2020<sup>(1)</sup>. We are therefore cautiously optimistic that we are likely to be awarded some major public-sector projects such as the North-South Corridor and new MRT works.

Our established track record and strong technical expertise have put us in a favourable position to benefit from the anticipated public-sector projects.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower costs in Singapore as well as the negative impact of COVID-19 on the Build Environmental Sector. Nevertheless, the Group will endeavour to manage its costs and overheads so as to preserve a healthy bottom-line while putting in place a Business Continuity Plan to counter the impact of COVID-19.

Source:

(1) Building and Construction Authority. (8 January 2020). Singapore's Total Construction Demand to Remain Strong This Year. Available at: <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2020/01/08/singapore-s-construction-demand-for-2020-expected-to-remain-strong> (Accessed on 8 January 2020).

## 11. Dividend

**Decision regarding dividend has been made, the required information has been disclosed.**

**(a) *Whether an interim (final) ordinary dividend has been declared (recommended); and***

In view of the Group's performance in FY2019, the Board of Directors has proposed and recommended a first and final dividend (one-tier tax exempt) of 0.05 Singapore cents (S\$0.0005) per ordinary share has been declared in respect of FY2019 ("**Proposed Dividend**"). The Proposed Dividend will be subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting ("**AGM**") to be held on 29 April 2020.

**(b)(i) *Amount per share:***

0.05 Singapore cents (S\$0.0005) per ordinary share.

**(b)(ii) *Previous corresponding period***

Not applicable. No dividend had been proposed or declared in FY2018.

**(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)***

The Proposed Dividend is one-tier tax exempt.

**(d) *The date the dividend is payable***

Subject to shareholders' approval at the forthcoming AGM of the Company, the Proposed Dividend will be paid on 28 May 2020 to shareholders whose names appear on the register of members of the Company on 12 May 2020.

**(e) *The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.***

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders of the Company to the Proposed Dividend at the Annual General Meeting to be held on 29 April 2020, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 12 May 2020 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Proposed Dividend of 0.05 Singapore cents per ordinary share for FY2019.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 12 May 2020 will be registered before entitlements to the Proposed Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited



with the Company's ordinary shares as at 5:00 p.m. on 12 May 2020 will be entitled to the Proposed Dividend. Payment of the Proposed Dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2020, will be made on 28 May 2020.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision**

Not applicable. Dividend has been proposed and recommended in respect of FY2019 as set out in Paragraph 11(a) above.

**13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate for IPTs and there were no IPTs exceeding S\$100,000 entered into during the financial period reported on.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments

	FY2019 (Unaudited)			FY2018 (Audited)		
	Structural Steel S\$'000	Tunneling S\$'000	Total S\$'000	Structural Steel S\$'000	Tunneling S\$'000	Total S\$'000
<b>Sales</b>	15,981	1,282	17,263	23,250	2,884	26,134
<b>Cost of works</b>	(11,616)	(737)	(12,353)	(15,823)	(2,775)	(18,598)
<b>Gross profit</b>	4,365	545	4,910	7,427	109	7,536
Other income			155			217
Interest income			15			9
Administrative expenses			(3,064)			(3,232)
Other expenses			(1,344)			(2,890)
Loss allowance on trade, other and retention receivables			(235)			(1,036)
Finance expenses			(270)			(282)
Profit before tax			167			322
Income tax expense			(57)			(71)
<b>Net Profit for the year</b>			<b>110</b>			<b>251</b>

The Company only operates in one geographical location, Singapore.

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

**17. A breakdown of sales as follows:**

	Group		
	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000	Increase / (Decrease) %
(a) Sales reported for first half year	8,627	13,713	(37.1)
(b) Operating profit after tax before deducting minority interests reported for first half year	107	16	568.7
(c) Sales reported for second half year	8,636	12,421	(30.5)
(d) Operating profit after tax before deducting minority interests reported for second half year	3	235	(98.7)

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Total Annual Dividend

Type of Shares	FY2019 (S\$'000)	FY2018 (S\$'000)
Ordinary	50	-
Preference	-	-
Total	50	-

FY2019

The first and final dividend of 0.05 Singapore cents (S\$0.0005) per ordinary share will be subject to the approval of shareholders of the Company at the forthcoming AGM to be held on 29 April 2020.

FY2018

Not applicable as no dividends were recommended or declared in FY2018.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable. There are no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**By Order of the Board**

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HOOI YU KOH  
Executive Chairman and CEO  
28 February 2020

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*This announcement has been prepared by Kori Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the information or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg))*

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