

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

**ACQUISITION OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FUCHIANG
CONSTRUCTION PTE. LTD.**

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to the announcement dated 18 December 2013 relating to the secured loan granted by the Company to Fuchiang Construction Pte. Ltd. ("**Fuchiang**") and the proposed acquisition by the Company of 51 per cent of the ordinary shares in the issued and paid-up share capital of Fuchiang (the "**Acquisition**").

The Board is pleased to announce that the Company has entered into a sale and purchase agreement dated 7 July 2014 (the "**Sale and Purchase Agreement**") with the existing shareholders of Fuchiang, namely Mr Hsu Pai-Ling, Mr Chen Sheng-Tien and Mr Tan Lee Meng, (the "**Vendors**") pursuant to which the Vendors have agreed to sell, and the Company has agreed to purchase, an aggregate of 1,020,000 ordinary shares in the share capital of Fuchiang (the "**Sale Shares**"), representing 51 per cent of the entire issued and paid-up capital of Fuchiang.

Pursuant to the Sale and Purchase Agreement, the Sale Shares have been transferred to the Company free from all encumbrances with all rights, title and interest in and to the Sale Shares attaching to them as at the completion of the sale and purchase of the Sale Shares ("**Completion**").

The Acquisition was completed in accordance with the Sale and Purchase Agreement immediately after the execution of the Sale and Purchase Agreement. Accordingly, Fuchiang has become a subsidiary of the Company upon Completion.

2. INFORMATION ON FUCHIANG

Fuchiang is a limited exempt private company incorporated in Singapore on 24 March 2008 and had, immediately before Completion, an issued and paid-up share capital of S\$2,000,000 comprising 2,000,000 ordinary shares which are held by the Vendors in the following proportion:

Shareholder	Number of Ordinary Shares Held	Percentage Shareholding (%)
Hsu Pai-Ling	840,000	42.0
Chen Sheng-Tien	840,000	42.0
Tan Lee Meng	320,000	16.0
Total	2,000,000	100.0

The Vendors were, immediately before Completion, the registered shareholders of the entire issued and paid-up share capital of Fuchiang and are not related to the Company, its controlling shareholders or its directors.

Fuchiang carries on the business of piling works and structural steelworks construction in Singapore and has been a sub-contractor of the Company since April 2013.

The audited net tangible assets of Fuchiang as at 28 February 2013 was approximately S\$5.0 million and the audited profit before income tax, minority interests and extraordinary items for its financial year ended 28 February 2013 was approximately S\$1.3 million.

Based on the management accounts of Fuchiang for the financial year ended 28 February 2014 ("FY2014"):

- (a) the unaudited net tangible assets of Fuchiang as at 28 February 2014 was approximately S\$5.1 million;
- (b) the unaudited gross profit of Fuchiang for FY2014 was approximately S\$4.2 million; and
- (c) the unaudited profit before income tax, minority interests and extraordinary items of Fuchiang for FY2014 was approximately S\$0.2 million.

3. SALIENT TERMS OF THE ACQUISITION

3.1 Acquisition of Sale Shares

Under the Sale and Purchase Agreement, the Company had agreed to purchase an aggregate of 1,020,000 Sale Shares from the Vendors, comprising:

- (a) 350,000 ordinary shares held by Mr Hsu Pai-Ling;
- (b) 350,000 ordinary shares held by Mr Chen Sheng-Tien; and
- (c) 320,000 ordinary shares held by Mr Tan Lee Meng.

Following Completion, the shareholding structure of Fuchiang is as follows:

Shareholder	Number of Ordinary Shares Held	Percentage Shareholding (%)
Kori Holdings Limited	1,020,000	51.0
Hsu Pai-Ling	490,000	24.5
Chen Sheng-Tien	490,000	24.5
Total	2,000,000	100.0

3.2 Consideration

The Sale Shares were purchased by the Company at an aggregate consideration (the "Consideration") of S\$2,540,000, which has been apportioned to the Vendors in the following proportion:

Shareholder	Number of Sale Shares	Consideration for Sale Shares
Hsu Pai-Ling	350,000	S\$871,568.63
Chen Sheng-Tien	350,000	S\$871,568.63
Tan Lee Meng	320,000	S\$796,862.74
Total	1,020,000	S\$2,540,000.00

The Consideration was arrived at after arm's length negotiations on a willing-buyer, willing-seller basis, and was satisfied wholly in cash on Completion. In arriving at the Consideration, the Company had taken into account *inter alia*:

- (a) Fuchiang's unaudited shareholder equity of approximately S\$5.0 million as at 31 December 2013, as adjusted following a financial due diligence review of Fuchiang;
- (b) current market conditions in the construction industry; and
- (c) the business prospects of Fuchiang and the benefits arising from the Acquisition as elaborated in paragraph 4 of this announcement.

3.3 Material Conditions Precedent

There are no material conditions precedent attached to the Acquisition.

3.4 Board of Directors of Fuchiang post-Acquisition

Mr Hooi Yu Koh, the chief executive officer of the Company, has been appointed as an executive director of Fuchiang with effect from Completion. Mr Hsu Pai-Ling and Mr Chen Sheng-Tien will continue in their respective roles as managing director and director.

Material matters relating to Fuchiang would require the approval of (i) Mr Hsu Pai-Ling or Mr Chen Sheng-Tien (or a director appointed by either of them); and (ii) Mr Hooi Yu Koh (or a director appointed by the Company)

3.5 Management of Fuchiang post-Acquisition

The current management team of Fuchiang is expected to be retained after Completion, save for any appointments or dismissals in the ordinary course of business.

4. RATIONALE FOR THE ACQUISITION

The Company (together with its subsidiaries (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. The Group's businesses can be categorised into two main segments, namely, structural steelworks services and tunnelling services.

Fuchiang has been, from time to time, engaged as a sub-contractor of the Group. By becoming a shareholder of Fuchiang, the Board believes that there should be increased opportunities for the sharing of expertise and resources.

Fuchiang's business is highly complementary to the Group's existing business and allows the Group an opportunity to accelerate expansion plans and increase its revenue base with a fuller range of construction services. The synergies between the Group as a structural steelworks services provider and Fuchiang, which is in the business of piling works and steelworks construction, will enhance long-term shareholder value and provide the Group with opportunities to grow in other related activities.

In addition, the Board believes that the Group's existing expertise in the structural steelworks business, combined with the Group's client base and industry reputation, will create positive synergies and economies of scale which may lead to improved performance of Fuchiang.

5. FINANCIAL EFFECTS

The financial effects of the Acquisition are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the Acquisition. The figures presented below are based on the Group's audited consolidated financial statements for the financial year ended 31 December 2013 ("FY2013") and the management accounts of Fuchiang for the 12 month period ended 31 December 2013.

5.1 Net Tangible Assets per Share

	Before Completion	After Completion ⁽¹⁾
NTA (S\$'000) ⁽²⁾	42,699	45,139
Number of Shares	99,200,000	99,200,000
NTA per Share (S\$)	0.43	0.46

Notes:

(1) Assuming that the Acquisition had been completed on 31 December 2013.

(2) NTA is calculated as total assets less total liabilities less intangible assets.

5.2 Earnings per Share

	Before Completion	After Completion ⁽¹⁾
Net profit after tax (S\$'000)	7,703	8,394
Number of Shares ⁽²⁾	99,200,000	99,200,000
Earnings per Share (S\$)	0.08	0.08

Notes:

(1) Assuming that the Acquisition had been completed on 1 January 2013.

(2) Based on the weighted average number of ordinary shares in issue during FY2013 of 99,200,000 shares.

5.3 Source of Funds

The Consideration was financed entirely using the net proceeds from the issue of S\$5,000,000 in principal amount of one convertible bond to Keong Hong Holdings Limited (the "**Convertible Bond**"). Please refer to paragraph 7 below for further details.

6. CHAPTER 10 OF THE CATALIST RULES

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**") are as follows:

Catalist Rule	Basis of Calculation	Fuchiang (S\$'000)	Group (S\$'000)	Relative Figure
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable	Not applicable	Not applicable
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	724 ⁽¹⁾	8,891 ⁽²⁾	8.1%
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	S\$2,540	43,946 ⁽³⁾	5.7%
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable	Not applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable	Not applicable	Not applicable

Notes:

- (1) Based on the unaudited profit before tax attributable to a 51% equity interest in Fuchiang for the 12 month period ended 31 December 2013.
- (2) Based on the Group's audited consolidated financial statements for FY2013.
- (3) The market capitalisation of the Company, determined by multiplying the 99,200,000 shares in issue as at the date of this announcement by the weighted average price of the Company's shares of S\$0.443 based on trades done on Catalist of the SGX-ST on 3 July 2014, being the last full market day preceding the date of the Sale and Purchase Agreement.

As the relative figures under Catalist Rules 1006(b) and 1006(c) for the Acquisition exceeds 5% but none of the figures exceed 75%, the Acquisition constitutes a discloseable transaction for the purposes of Chapter 10 of the Catalist Rules. Accordingly, the Acquisition is not subject to the approval of the shareholders of the Company.

7. USE OF PROCEEDS FROM THE ISSUE OF THE CONVERTIBLE BOND

Further to the announcements dated 20 August 2013 and 30 June 2014, the Board wishes to provide an update on the use of the net proceeds from the issue of the Convertible Bond amounting to approximately S\$4,970,000 (after deducting related expenses incurred in connection with the issue of the Bond) (the "**Bond Proceeds**").

The Bond Proceeds have now been fully utilised following the disbursement of S\$2,540,000 from the Bond Proceeds to fund the Consideration.

The use of the Bond Proceeds for payment of the Consideration is in accordance with the intended use of the Bond Proceeds as stated in the announcement dated 20 August 2013.

The Company will provide a status report on the use of the Bond Proceeds in the Company's annual report.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, none of the Directors and none of the controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the Acquisition, other than through their shareholdings in the Company.

9. SERVICE CONTRACTS OF DIRECTORS

No person will be appointed to the Board of Directors of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

By Order of the Board

Kori Holdings Limited

Hooi Yu Koh
CEO and Managing Director
8 July 2014

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

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

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

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance at 20 Cecil Street #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.
