KORI HOLDINGS LIMITED

TOWARDS A BRIGHT FUTURE

ANNUAL REPORT 2022

TABLE OF CONTENTS

CORPORATE PROFILE

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

CHAIRMAN'S STATEMENT

MR. HOOI YU KOH
EXECUTIVE CHAIRMAN AND CEO

"With global acceptance of COVID-19 as endemic, the construction industry has finally returned to normalcy. With the disruptions to our operations behind us now, I am pleased to report that the Group's net profit for FY2022 increased by 15 percent from S$1.2 million in FY2021 to S$1.4 million."

DEAR SHAREHOLDERS

The impact of the global outbreak of COVID-19 pandemic since early February 2020 has gradually subsided. As a result, all control measures in Singapore were effectively lifted on 13 February 2023. With global acceptance of COVID-19 as endemic, the construction industry has finally returned to normalcy.

With the disruptions to our operations behind us now, I am pleased to report that the Group's net profit for FY2022 increased by 15 percent from S$1.2 million in FY2021 to S$1.4 million.

Revenue for FY2022 amounted to S$19.5 million as compared with FY2021 of S$18.3 million. This consist of: (i) Revenue from Structural Steel Works S$17.9 million (FY2021: S$13.8 million) and (ii) Revenue from Tunnelling Works S$1.6 million (FY2021 S$4.5 million).

Revenue from Structural Steel Works comprises: (i) Lease Income of S$13.1 million (FY2021: S$12.5 million); and (ii) Construction Services income of S$4.8 million (FY2021: S$1.3 million). The increase of S$4.1 million in revenue from this business segment was mainly attributable to new projects being procured and commenced during the FY2022 financial year as well as the positive progress of the other ongoing projects.

Revenue from Tunnelling Works segment pertains to income from the provision of tunnelling services which is also recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method". The decrease in revenue from this business segment as compared with last year was due mainly to an estimation of higher budget costs to complete the projects. This was caused by the significant increases in labour and transportation costs in FY2022 which had the effect of lowering the percentage of revenue to be recognised for FY2022 following the "input method" stipulated under the accounting standard.

The overall gross profit increased marginally by 4% from S$6.6 million in FY2021 to S$6.8 million in FY2022. However, overall gross profit margin decreased from 36% in FY2021 to 35% in FY2022.

BUSINESS DEVELOPMENTS

Our Group was awarded two contracts amounting to an aggregate of S$52.3 million between May 2021 and June 2021. These contracts were awarded by the following companies:–

– Samsung C&T Corporation for the supply and installation of temporary steel works at Contract N106 Design and Construction of North-South Corridor (Tunnel) between Novena Rise and Toa Payoh Rise ("**N106 Project**"); and

– Hwa Seng-Chye Joo-Ho Lee Joint Venture for the supply, install, dismantle and buy back of steel struts and walers (Zone A to Zone F) at Contract N109 Design and Construction of North-South Corridor (Tunnel) between Pemimpin Place and Sin Ming Avenue ("**N109 Project**").

The value of these two contracts, in addition to the six which were awarded between September 2020 and January 2021, amounted to S$133.5 million. The works are still in progress and N106 Project is expected to be completed in FY2025.

With climate change and countries pledging to achieve net zero carbon emissions, companies are recognising that they can no longer focus on profits alone. Instead, the philosophy of social and environmental issues should be of equal importance. In this regard, Kori Holdings is also playing its part in addressing these issues of Environment/Sustainability, Social and Governance.

CHAIRMAN'S STATEMENT

ENVIRONMENT

The production of steel is highly energy intensive which is not environmentally friendly. The cost of "green" steel which is produced in Europe is much higher than the "non-green" steel. Although it costs more, we have also begun to purchase some "green" steel to add to our inventory. Over the years, we have been re-cycling the structural steel pre-cast in all our projects. Through reusing the steel again and again, we are minimising the usage of steel. By doing this, we have been reducing carbon footprint.

SUSTAINABILITY AND INNOVATION

Our staff are encouraged to innovate by using and reusing the steel. In this regard, we have come up with the Design and Build concept for our Steelworks Segment by fine tuning the design and reusing the steel. The steel components are also designed to be modular so as to fit in place and be reused early. We have also successfully adopted our high productivity pre-cast traffic decking panel system in a number of our secured projects.

The successful implementation of precast steel before off-site installation has helped to reduce the wastage of steel. In addition, by re-using the steel in all our projects, we were able to save costs. As a result of re-cycling the structural steel pre-cast in all our projects, we are also embracing sustainable practices.

SOCIAL AND GOVERNANCE

I am pleased to report that Kori Holdings has been in compliance with all regulations set up by the regulatory bodies since its inception. The average age of our Board of Directors is 54 years and meeting attendance has been 100%. Our 3 independent directors have reached their maximum term of office. In this regard, we will ensure gender diversity in the composition of our Board of Directors. Our female Executive Officer make up 33% of our total staff strength. Our engagement with shareholders and investor visits although done on an ad hoc basis, have been done periodically throughout the year.

PRODUCTIVITY

Kori Holdings is the first company in the construction industry to design structural steel pre-cast road diversion deck. This has helped to improve productivity and re-engineering of work processes. In addition, our structural steel pre-cast iron is relatively cheaper than the normal method and is an innovative design which is also a first for the construction industry. The use of digital components in our processes maximises productivity and minimises requirement for manpower.

CONSTRUCTION INDUSTRY TRANSFORMATION MAP

The Building and Construction Authority has outlined the Industry Transformation Map for the construction industry. Under the Design for Manufacturing & Assembly (DfMA), there will be design upfront for ease of manufacturing and assembly. Construction firms are expected to have highly automated offsite production facilities as well as efficient and clean on-site installation processes. The objective is to increase productivity and reduce costs by eliminating the duplication of work processes.

In this regard, we have initiated DfMA which is a key pillar of Singapore's Construction Industry Transformation Map, in a number of our secured contracts. DfMA is a game-changing method of construction which involves construction being designed for manufacturing off-site in a controlled environment, before being assembled on-site.

LOOKING AHEAD

The outlook for the Singapore construction industry for 2023 is expected to remain strong. The Building and Construction Authority projected between S$27 billion and S$32 billion of construction demand in 2023. The public sector is expected to contribute about 60% of the total construction demand. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction such as Cross Island MRT Line (Phase 2) and other infrastructure works*.

I am confident that our established track record and strong technical expertise in past and ongoing similar infrastructure projects will put us in a favourable position to benefit from the projected upcoming public sector projects.

The global shortage in the supply of steel materials has further improved and the price of steel materials has gradually stabilised. As a result, the completion dates of certain steelworks segment projects which have already been delayed by the pandemic may not be further delayed. However, due to the earlier pandemic-related delays, there is still consequential impact on the timing of recognition of revenue (and also profit) as well as collections from our customers.

It is to be noted that the increase in labour cost due to the pandemic as well as the rise of related cost such as accommodation for foreign workers will remain.

The continued successful implementation of our pre-cast road decking panels to replace steel decking panels to increase productivity and reduce cost is paying off to alleviate not only the labour shortage but also the fluctuations in steel price.

With the contracts secured in hand, the Group is already coming out from the pandemic stronger.

*Source: Building and Construction Authority
https://www1.bca.gov.sg/about-us/news-and-publications/mediareleases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023

DIVIDEND

No dividend has been recommended for FY2022 as the Board feels that it is better to build up the cash reserve to take advantage of available business opportunities.

APPRECIATION

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

Last but not least, I would like to thank our shareholders and investors for their continued support and confidence in the Group. For our Group, we are working "Towards A Bright Future".

HOOI YU KOH
Executive Chairman and CEO

FINANCIAL AND OPERATIONS REVIEW

The Group's financial statements for the year ended 31 December 2022 have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). There are no new or amended Standards (effective from annual period beginning or on after 1 January 2022) which will result in any significant impact on the condensed interim financial statements.

The Group's revenue is organised into two main business segments:

Segment 1 – Structural steel works; and
Segment 2 – Tunnelling works

STRUCTURAL STEEL WORKS

Revenue from this segment comprises income from the provision of structural steel construction services ("Structural Steel Works Income") and income from leasing of steel beams ("Lease Income"). Structural steel works income is recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method". Lease income is recognised on a time-proportion basis.

Group revenue for FY2022 amounting to S$17.9 million (FY2021: S$13.8 million) comprises (i) Lease income of S$13.1 million (FY2021: S$12.5 million), and (ii) Construction Services Income of S$4.8 million (FY2021: S$1.3 million). The increase of S$4.1 million in revenue from this business segment was mainly attributed to new projects being procured and commenced during the FY2022 as well as the positive progress of the other ongoing projects.

TUNNELLING WORKS

Revenue from this segment consists of income from the provision of tunnelling services ("Tunnelling Works Income") which is also recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method". The decrease in Tunnelling Works compared with last year's was due mainly to an estimation of higher budget costs to complete the projects which stem from significant increases in labour and transportation costs in FY2022. This has the effect of lowering the percentage of revenue to be recognised for FY2022 in accordance with the "input method".

COST OF SALES

The increase in cost of sales for Structural Steel Works is in line with the increase in the revenue. While the cost of sales for Tunnelling Works has decreased, the extent of the decrease is lower vis-à-vis that of the Tunnelling Works revenue. This is due mainly to the significant increases in labour and transportation costs during FY2022.

GROSS PROFIT MARGIN

Overall, gross profit margin decreased slightly from 36% in FY2021 to 35% in FY2022.

OTHER INCOME

The decrease in other income by 51% as compared with FY2021 was attributable to lower income from government grants.

LOSS ALLOWANCE ON TRADE AND RETENTION RECEIVABLES, UNBILLED RECEIVABLES AND CONTRACT ASSETS

A loss allowance of S$2.3 million was recognised in FY2022 which consists of a specific allowance of S$0.8 million and a general allowance of S$1.5 million made against the receivables and contract assets arising from an ongoing project for FY2022.

OTHER EXPENSES

The decrease in other expenses was largely due to a decrease in steel beams being written off during FY2022.

FINANCE EXPENSE

There was an increase in finance cost in FY2022. This was attributable to the interest incurred on the loan from a director and on the convertible bond which was issued in September 2022.

INCOME TAX EXPENSE

Income tax expense amounting to S$0.2 million relates mainly to the estimated deferred tax arising from the temporary differences between the tax bases and the carrying amounts of the relevant assets and liability of the Group.

PROFIT BEFORE INCOME TAX

The Group recorded a profit before tax of S$1.6 million in FY2022, an increase of 25%, as compared to S$1.3 million in FY2021.

FINANCIAL AND OPERATIONS REVIEW

REVIEW OF THE FINANCIAL POSITION OF THE GROUP

As at 31 December 2022, the Group's trade and other receivables increased by S$7.4 million largely due to an increase in retention sum and unbilled receivables. The increase in both items arose from a couple of ongoing projects as well as new projects that commenced in FY2022.

Contract assets decreased by S$2.5 million as a result of transfer of contract assets to trade receivables account in the light of more progress billings raised for work certified during FY2022.

Capitalised contract costs decreased by S$0.2 million due to continuous amortisation for ongoing projects which was slightly offset by cost being incurred and capitalised from a new project which commenced in FY2022.

PROPERTY, PLANT AND EQUIPMENT

The decrease of S$2.7 million in property, plant and equipment was largely attributable to the depreciation of steel beams of S$1.4 million. Additionally, the disposal and written off of steel beams and leasehold property with the aggregated net book value of S$2.5 million in FY2022 also contributed to the decrease. This is offset by additional purchases of steel beams costing S$1.1 million in contemplation of the requirement of some new projects for FY2022.

LIABILITIES

Trade and other payables increased by 8% due mainly to increases in the amount owing to a director, GST payable and advanced billings made to customers. The increase in advanced billings made to customers is due to the excess of progress billings rendered over the revenue recognised in respect of Lease Income during FY2022.

Contract liabilities increased by S$1.5 million attributable to the excess of progress billings rendered over the revenue in respect of Structural Steel works Income during FY2022.

Bank borrowings decreased by S$4.2 million compared with FY2021. This was largely due to the repayment of bills receivable purchase (BRP) facility and the bridging loan.

There was a provision for reinstatement cost of S$50,000 based on the official rental agreement.

In September 2022, the Company issued a convertible bond with 5% interest and a maturity period of 5 years. As the convertible bond is a compound financial instrument, it was bifurcated into a debt (liability) component and an equity component at inception. As at 31 December 2022, the balance of the liability component for the convertible bond is S$2.8 million. The equity component is presented as a capital reserve.

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP

Net cash generated from operating activities amounting to S$1.8 million includes operating cash flows before working capital changes of S$6.5 million which was, among others, augmented by the changes in contract liabilities and contract assets but reduced by the changes in trade and other receivables.

Net cash generated in investing activities amounted to S$0.1 million largely due to proceeds from disposal of steel beams and leasehold property in FY2022.

Net cash used in financing activities amounted to S$1.5 million was largely due to repayment of bank borrowings of S$4.4 million which was offset by proceeds from the issuance of convertible bond as well as from the loan from a director totalling S$3.2 million in FY2022.

In view of the foregoing, the net cash outflows for FY2022 was S$0.4 million.

BOARD OF **DIRECTORS**

MR. HOOI YU KOH

EXECUTIVE CHAIRMAN AND CEO

MR. NG WAI KIT

EXECUTIVE DIRECTOR

MR. HOOI YU KOH is our Executive Chairman and CEO since May 2018. He was appointed as a Director of our Company on 18 May 2012 and was last re-elected on 29 June 2020. Mr. Hooi first joined our Group in 1996 and has served as our CEO and Managing Director from October 2005 till May 2018. He is also the Executive Director of all the Group's subsidiaries. Mr. Hooi is responsible for evaluating new business opportunities, overseeing the business management and day-to-day operations of the Group. Previously, he served as a director of Fuchiang Construction Pte. Ltd.

Mr. Hooi has more than 20 years of experience in the civil/engineering construction industry. He was first employed with Mudajaya Construction Sdn. Bhd. as a design and planning engineer and a section head in 1995 and was responsible for the construction of Kapar Power Station Phase II in Malaysia till May 1996. Since June 1996, Mr. Hooi has been instrumental in the development and growth of our Group's business. In June 1996, he joined Kori Malaysia as a project manager and was in charge of managing all our projects in Malaysia till November 1999. From November 1999 to October 2005, he was in charge of managing all our projects in Singapore as a project manager of Kori Construction (S) Pte. Ltd. ("**Kori Singapore**"). He was subsequently promoted to Executive Director and CEO of Kori Singapore in 2005 and 2012 respectively.

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

MR. NG WAI KIT was appointed as our Company's Executive Director on 2 March 2018 and was last re-elected on 28 April 2022. Mr. Ng joined our Group in November 2005 as an engineering manager and was in charge of construction, design and technical matters of all projects in Singapore till May 2009 when he was promoted to Technical Controller of our Group. He is responsible for assisting in the business operations of the Group. Previously, he served as a director of Kori Singapore and Ming Shin Construction (S) Pte Ltd.

Mr. Ng has more than 20 years of experience in the civil/engineering construction industry. He was first employed with a Malaysia company, Arup Jururunding Sdn. Bhd. as a design engineer and was responsible for designing and supervising various civil engineering/construction projects in Malaysia and Hong Kong from August 1995 to September 1998. In September 1998, he joined SKM (Singapore) Pte. Ltd. as a civil engineer and was responsible for designing and supervising various civil engineering projects in Singapore and Malaysia till June 2000 when he was re-designated as a senior civil/geotechnical engineer of the same company in charge of designing, coordinating and supervising of both temporary and permanent works till December 2002. In December 2002, he was promoted to project manager and was responsible for the management of full structural construction works of the same company till November 2005.

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

BOARD OF DIRECTORS

MR. XU QUANQIANG

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

MR. XU QUANQIANG was appointed as our Company's Non-Executive Non-Independent Director on 30 December 2022.

Mr. Xu is a director of LJHB Capital (S) Pte. Ltd., ("**LJHB Capital**"), who is the controlling shareholder of Keong Hong Holdings Limited ("**KHHL**"), and KHHL is a controlling shareholder of the Company. He is the Executive Director of KHHL. He also holds directorships in Forevertrust International (S) Pte. Ltd., Innotrust Pte. Ltd., PT Forevertrust International Indonesia and Wisestone Pte. Ltd. Apart from his directorship, he is the Chief Executive Officer of LJHB Holdings (S) Pte Ltd ("**LJHB Holdings**"), Continental Hope Singapore Industrial Development Pte. Ltd., Forevertrust International (S) Pte. Ltd. and Aitec International Pte. Ltd. Previously, he served as a director of BSI Group Singapore Pte Ltd ("**BSI**").

Prior to joining LJHB Holdings, Mr. Xu held senior leadership positions including Chief Executive Officer of Ronghua Group Pte Ltd, Regional General Manager of GIC Group Pte Ltd, Country General Manager of BSI, and Assistant Vice President (Sales) of TUV SUD PSB Pte Ltd.

Mr. Xu holds a Master of Business Administration degree from the University of South Australia. He is a Certified Property Manager awarded by the Institute of Real Estate Management (REM) USA and a Certified Commercial Investment Member of the CCIM Institute USA.

MR. KUAN CHENG TUCK

LEAD INDEPENDENT DIRECTOR

MR. KUAN CHENG TUCK is our Lead Independent Director and was appointed as a Director on 16 November 2012 and was last re-elected on 27 April 2021. He also currently serves as an independent director of CNMC Goldmine Holdings Limited (a company listed on Catalist of the SGX-ST) and Karin Technology Holdings Limited (a company listed on the Main Board of SGX-ST). Previously, Mr. Kuan served as an independent director of Green Build Technology Limited (a company listed on the Main Board of SGX-ST), CW Group Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange) and China Star Food Group Limited.

Mr. Kuan has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. Mr. Kuan has worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He has since been managing his own business and financial consulting firms.

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

BOARD OF DIRECTORS

MR. NICHOLAS PHILIP LAZARUS

INDEPENDENT DIRECTOR

MR. NICHOLAS PHILIP LAZARUS is our Independent Director and was appointed on 16 November 2012 and was last re-elected on 27 April 2021. He has more than 20 years of experience in the legal industry and specialises in civil litigation, corporate finance and construction adjudication. He first started his legal career as a legal assistant at W.T. Woon & Company in July 1998. In November 1999, he joined Chan Tan & Partners as a senior legal associate till August 2001. In September 2001, he returned to W.T. Woon & Company as a partner till September 2002. Thereafter, he joined Justicius Law Corporation as a director.

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

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

MR. LIM YEOK HUA

INDEPENDENT DIRECTOR

MR. LIM YEOK HUA is our Independent Director and was appointed on 16 November 2012. He was last re-elected on 28 April 2022. Previously, Mr. Lim served as an independent director of JLogo Holdings Limited, Tritech Group Limited and Alpha DX Group Limited (formerly known as Alpha Energy 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, namely Radians Consulting Pte Ltd. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Singapore Institute of Directors and the Institute of Singapore Chartered Accountants as well as an accredited tax advisor with the Singapore Chartered Tax Professionals.

EXECUTIVE OFFICERS

MR. WONG CHI KONG HEAD OF THE STEEL DIVISION

MR. WONG CHI KONG was appointed as the Head of the Steel Division on 15 March 2023 and is responsible for the management of all our Group's steel strutting, piling and decking projects. Mr. Wong first joined our Group as a Site Coordinator in 1998. In January 2014, he was promoted to the Site Manager. He is also the Director of our Group's wholly-owned subsidiaries, Kori Construction (S) Pte Ltd and Ming Shin Construction (S) Pte Ltd since May 2018.

Mr. Wong graduated with a Bachelor of Construction Management (Buildings) (Honours) from the University of Newcastle.

Mr. Wong also holds a Diploma in Construction Engineering from BCA Academy in 2013. He has been a Certified Welding Inspector certified by the American Welding Society since 2013. He has also successfully completed the required course of study and has obtained the Certification of Structural Steel Supervisor issued by the Singapore Structural Steel Society in 2014.

MR. CHOOKUL CHARUN HEAD OF THE TUNNEL DIVISION

MR. CHOOKUL CHARUN is the Head of the Tunnel Division of our Group and has been responsible for the management of all our Group's tunnelling projects since January 2012.

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

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

MS. JIA HONGYAN FINANCIAL CONTROLLER

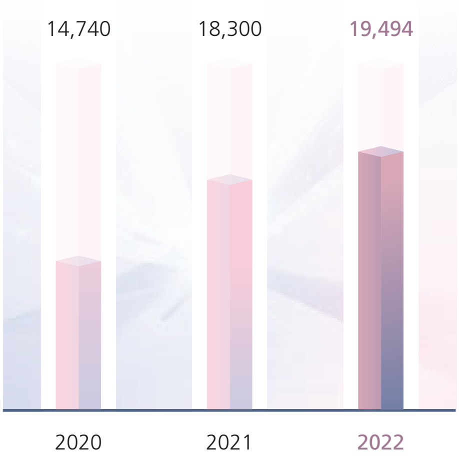
MS. JIA HONGYAN is our Financial Controller and was appointed on 22 October 2021. She is responsible for overseeing the accounting, treasury, budgeting and payroll matters of the Group. She has a number of years of working experience in real estate industry as well as audit firm.

Ms. Jia graduated from HeNan University with a Bachelor degree of Accounting. She holds a Hons degree of applied accounting from Oxford Brooks University and Master Degree of Professional Accounting (Distinction) from University of London. She is a member of the Association of Chartered Certified Accountants, United Kingdom since 2017 and also a member of the Institute of Singapore Chartered Accountants since 2018.

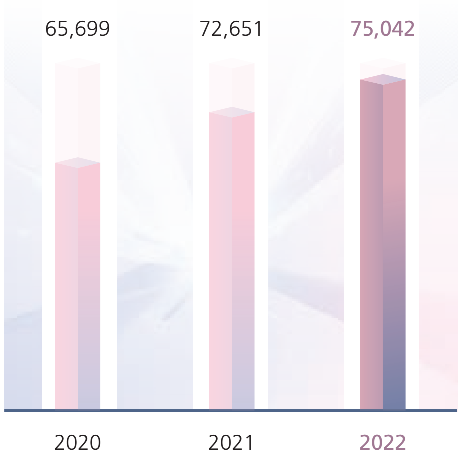
2022

FINANCIAL **HIGHLIGHTS**

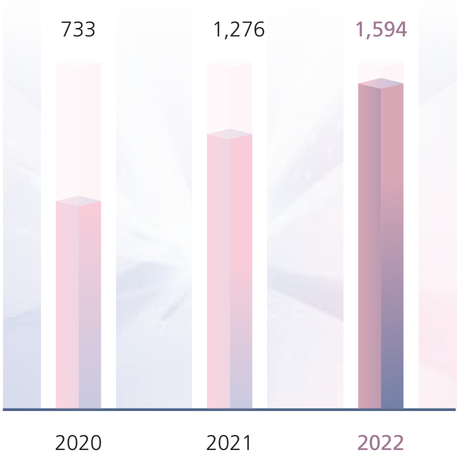
Revenue S$'000



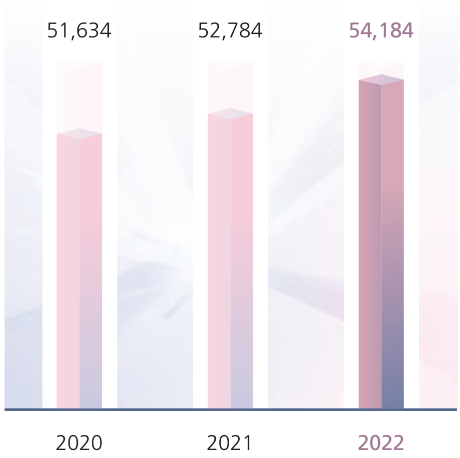
Total Assets S$'000



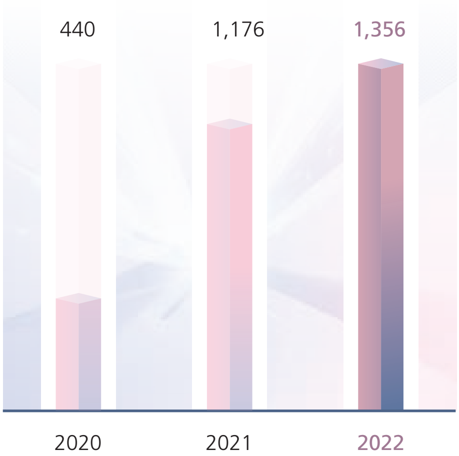
Profit Before Tax S$'000



Shareholder Equity S$'000

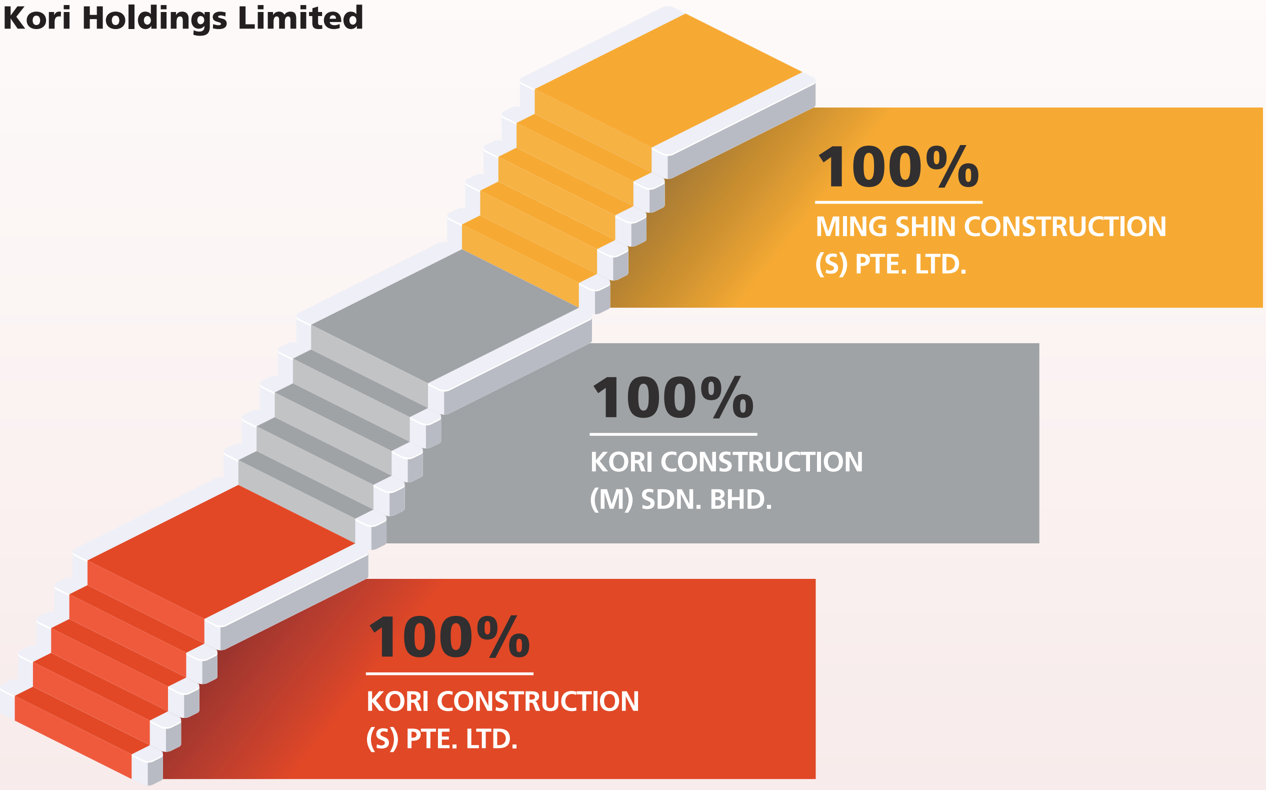


Profit After Tax S$'000



GROUP **STRUCTURE**

Kori Holdings Limited



GROUP INFORMATION

BOARD OF DIRECTORS
MR. HOOI YU KOH (Executive Chairman and CEO)
MR. NG WAI KIT (Executive Director)
MR. XU QUANQIANG (Non-Executive Non-Independent Director)
MR. KUAN CHENG TUCK (Lead Independent Director)
MR. NICHOLAS PHILIP LAZARUS (Independent Director)
MR. LIM YEOK HUA (Independent Director)

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

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

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

COMPANY SECRETARY
MS. YANG LIN

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

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay | #10-00 Collyer Quay Centre
Singapore 049318

INDEPENDENT AUDITOR
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road | #23-01 Parkview Square |
Singapore 188778

Partner-in-charge:
MR. LEE KUANG HON
(Appointed since the financial year ended 31 December 2021)

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

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

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

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

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

FINANCIAL **CONTENTS**

CORPORATE **GOVERNANCE REPORT**

DISCLOSURE TABLE FOR COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE AND CATALIST RULES

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

This report outlines the Company's corporate governance practices in place during the financial year ended 31 December 2022 ("**FY2022**"), with specific reference made to the Code of Corporate Governance 2018 (the "**Code**"), its related practice guidance ("**PG**"), as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"), where appropriate.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
General	(a) Has the Company complied with all the principles and provisions of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles, provisions as set out in the Code, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2022.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE

Principle/Provisions of the Code	Code and/or Guide Description	Company's Compliance or Explanation
BOARD MATTERS		
THE BOARD'S CONDUCT OF AFFAIRS		
1.1 4.2 6.2 10.2	*Board composition*	As at date of this report, the Board has six (6) members and comprises the following:

Composition of the Board		***Composition of the Board Committees*** • *C – Chairman* • *M – Member*		
Name of Director	**Designation**	**AC**[(1)]	**NC**[(2)]	**RC**[(3)]
Mr. Hooi Yu Koh	Executive Chairman and CEO	–	–	–
Mr. Ng Wai Kit	Executive Director	–	–	–
Mr. Kuan Cheng Tuck	Lead Independent Director	C	M	M
Mr. Nicholas Philip Lazarus	Independent Director	M	M	C
Mr. Lim Yeok Hua	Independent Director	M	C	M
Mr. Xu Quanqiang[(4)]	Non-Executive Non-Independent Director	–	–	–

Notes:

1. *The AC comprises 3 non-executive directors, all of whom including the Chairman, are independent.*
2. *The NC comprises 3 non-executive directors, all of whom including the Chairman, are independent. The Lead Independent Director is also member of the NC.*
3. *The RC comprises 3 non-executive directors, all of whom including the Chairman, are independent.*
4. *Mr. Xu Quanqiang was appointed as Non-Executive Non-Independent Director of the Company on 30 December 2022.*

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Role of Board	Entrusted to lead and oversee the Group, the Board acts in the best interests of the Group. In addition to its statutory duties, the Board's principal functions are to: (a) Decide on matters in relation to the Group's activities which are of significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments, and ensure that the necessary resources are in place for the Group to meet its objectives; (b) Establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; (c) Review key management personnel's performance; (d) Ensure good corporate governance practices to protect the interests of shareholders; (e) Oversee, through the NC, the appointments, re-election and resignation of Directors and key management personnel; (f) Oversee, through the RC, the design and operation of an appropriate remuneration framework; (g) Align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders; (h) Oversee, through the AC, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and (i) Ensure compliance with all laws and regulations as may be relevant to the business.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Practices relating to conflict of interest	The Company has in place practices to address potential conflicts of interests. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. Directors are required to recuse themselves from all deliberations and decisions in relation to the matters in which he or she has a conflict of interest.
1.2	*Directors' training and orientation* (a) Are new Directors given formal training? If not, please explain why.	There was a new director appointed in FY2022. Mr. Xu Quanqiang was appointed as a Non-Executive Non-Independent Director of the Company on 30 December 2022. Mr. Xu was provided a letter of appointment, setting out his duties, obligations and the terms of appointment, and was briefed on the Group's history, strategic direction, governance practices, business and organisation structure. Mr. Xu Quanqiang has completed training as prescribed by the SGX-ST. It is the Company's practice that any newly appointed Director will undergo an orientation programme where the Director would be briefed on the Group's history, strategic direction, governance practices, business and organisation structure as well as the expected duties and obligations of a director of a listed company, details of which are set out in a formal appointment letter provided to such newly appointed Director. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities, principal locations of operations and meet with key management personnel. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("**Catalist Rules**"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment.

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?

<u>Training attended in FY2022</u></td><td>The Board values on-going professional development and recognises that it is important that all Directors receive regular training to serve effectively on and contribute to the Board. The Board has therefore established a policy on continuous professional development for Directors.

To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continuous professional development. Professional development may relate to a particular subject area, committee membership, or key developments in the Company’s environment, provided by accredited training providers. Directors are encouraged to consult the Chairman and Chief Executive Officer (“CEO”) if they consider that they personally, or the Board as a whole, would benefit from specific education or training on matters that fall within the responsibility of the Board or relate to the Company’s business. Such training costs are borne by the Company. The Company would also arrange for the senior management to brief the Directors on the Group’s business periodically. The Board is also kept informed of any relevant changes to legislation and regulatory requirements.

Courses, conferences and seminars attended by some of the existing Directors include:

<table>
<tr><th colspan="3">Table 1.2 – Training attended by Directors in FY2022</th></tr>
<tr><th>Course Name</th><th>Course Organiser</th><th>Attendees</th></tr>
<tr><td>ACRA-SGX-SID Audit Committee Seminar 2022</td><td>Singapore Institute of Directors</td><td>Lim Yeok Hua</td></tr>
<tr><td>LED – Environmental, Social and Governance Essentials (Core)</td><td>Singapore Institute of Directors</td><td>Hooi Yu Koh, Ng Wai Kit, Kuan Cheng Tuck, Nicholas Philip Lazarus, Lim Yeok Hua, Xu Quanqiang</td></tr>
</table>
</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>Matters requiring Board's approval</td><td>The Board continues to approve matters within its statutory responsibilities. Specifically, the Board has direct responsibility for decision-making in, amongst others, the following:

• corporate strategies and business plans;
• material acquisitions and disposals;
• investments exceeding S$2,000,000;
• major financing requiring corporate guarantee;
• major contracts with third parties exceeding S$50,000,000;
• share issuance, dividend release or changes in capital;
• budgets, financial results announcements, annual reports and audited financial statements; and
• interested person transactions exceeding S$100,000.</td></tr>
<tr><td>1.4</td><td>Delegation to Board Committees</td><td>The Board delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Each of these Board Committees is formed with clear written defined terms of reference (setting out its composition, authority and duties). The composition of the Board Committees is set out in Section 1.1 of Table I.</td></tr>
<tr><td>1.5</td><td>Attendance of Board and Board Committees</td><td>The Board meets on a half-yearly basis, and as and when circumstances require. In FY2022, the number of Board and Board Committee meetings held, and the attendance of each Board member are shown below.

<table>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr>
<tr><td>Mr. Hooi Yu Koh</td><td>2</td><td>2*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr. Ng Wai Kit</td><td>2</td><td>2*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr. Kuan Cheng Tuck</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Nicholas Philip Lazarus</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Lim Yeok Hua</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Xu Quanqiang#</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
</table>

* By invitation.
Mr. Xu Quanqiang was appointed as Non-Executive Non-Independent Director of the Company on 30 December 2022.

The Company's Constitution allows for meetings to be held through telephone and/or videoconference.</td></tr>
</table>

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
1.6	*Access to information* What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Directors are provided with complete and adequate information related to agenda items in a timely manner for them to make informed decisions and discharge their duties and responsibilities. Management provides the Board with key information that is complete, adequate and timely prior to meetings and whenever required. Management provides the Board with half yearly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary. Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information at least one week prior to the meetings to allow sufficient time for review by the Directors. Management will also provide any additional material information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
1.7	*Change of company secretary* *Access to Management and company secretary and access to professional advice*	The appointment and removal of the company secretary is a matter for the Board as a whole. Directors have separate and independent access to the Management and company secretary at all times. Individually or collectively, in order to execute their duties, Directors can obtain independent professional advice, where required, at the Company's expense.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE

Principle/Provisions of the Code	Code and/or Guide Description	Company's Compliance or Explanation
BOARD COMPOSITION AND GUIDANCE		
2.1 2.2 2.3 3.3	*Board composition* Does the Company comply with the Code on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company. *Lead Independent Director*	Given that the Chairman is not independent, the Independent Directors make up a majority of the Board of the Company pursuant to Provision 2.2 during FY2022. Subsequent to the appointment of Mr. Xu Quanqiang as Non-Executive Non-Independent Director on 30 December 2022, the Company's Independent Directors make up 50% of the Board. The Company will appoint another independent director by the third quarter of 2023 so as to be in compliance with Provision 2.2 of the Code. The Company has complied with Rule 406(3)(c) of the Catalist Rules which requires the number of independent directors to comprise at least one-third of the Company's board at any time. Mr. Kuan Cheng Tuck had also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman and CEO and/or the Financial Controller ("**FC**") has failed to resolve, or where such contact is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings and could be contacted at ac@kori.com.sg. The Lead Independent Director is also responsible for leading the meetings of independent directors and providing feedback to the Chairman on matters discussed at such meetings.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
2.1 2.4 4.4	*Independence assessment of Directors*	The Board considers the existence of relationships or circumstances, including those identified by the Code and Catalist Rules, that are relevant to determine whether a Director is independent. In addition, the NC reviews the individual director's declaration in their assessment of independence. The NC has reviewed and confirmed that the independence of the Independent Directors is in accordance with the Code, PG and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code, PG and Catalist Rules. The Company has in place a policy whereby Directors must consult both the Chairman of the Board and the NC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code and Catalist Rules.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Catalist Rules that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Independent Directors serving beyond nine years Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	In assessing the independence of the incumbent independent directors, the NC adopts the definition of "independent director" as set out in Provision 2.1 of the Code. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The Independent Directors have contributed significantly to the discussion on matters which include the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinized the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry and offered valuable advice. All have independent income source apart from the fees received from the Group. None of them has any relationship with the Company (save for their directorship), its related corporations, its substantial shareholders or its officers. Accordingly, the NC, with the concurrence of the Board, (with the directors concerned abstained from deliberating), is satisfied that Mr. Kuan Cheng Tuck, Mr. Nicholas Philip Lazarus and Mr. Lim Yeok Hua have remained independent in their conduct, character and judgement and can continue to discharge their duties objectively with the utmost commitment to protecting and upholding the interests of the Company and all shareholders (not just the substantial shareholders), and found no evidence to indicate that the length of service has in any way affected their respective independence. However, with effect from 11 January 2023, Rule 406(3)(d)(iv) of the Catalist Rules states that a director will be deemed not independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. As announced in the Responses to Comments on Consultation Paper dated 11 January 2023, there will be a one-year transition period to the above-mentioned rule and as such, the nine-year limit will be implemented at issuers' AGMs held for the financial year ending on or after 31 December 2023.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		Mr. Kuan Cheng Tuck, Mr. Nicholas Philip Lazarus and Mr. Lim Yeok Hua were first appointed to the Board in 2012 and have served on the Board beyond nine years from the date of their first appointment. Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules and the one-year transition period as mentioned above, Mr. Kuan Cheng Tuck, Mr. Nicholas Philip Lazarus and Mr. Lim Yeok Hua shall remain independent until the AGM in 2024. The NC, in consultation with the Board, had instructed the Management to initiate the search of new candidates in place of the independent directors who had been in office beyond the nine-year period before the stipulated deadline. The NC and the Board will manage this closely to ensure a smooth transition.
	Board diversity (a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is mindful that diversity is not specific to gender or certain personal attributes and would strive to ensure the diversity would enhance the long-term success of the Group. The objective of the policy is to avoid groupthink and foster constructive debate and ensure that composition is optimal to support the Group's needs in the short and long term. While the NC is aware of the merits of gender diversity to the Board composition, the NC notes that it is only one of the many aspects of diversity. While due consideration would be given to female representation on the Board, the NC will continue to make its selection of candidates based on objective criteria which it believes is in the best interest of the Company. The Company has adopted a Board Diversity Policy which sets out its approach to achieve diversity of the Board. Pursuant to the Board Diversity Policy, the NC will review the structure, size and composition (including the gender, age, culture, skills, knowledge and experience of the Board) at least annually and to assist the Board to review the required mix of skills, experience and other qualities which Directors should bring to the Board on an annual basis.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		Under the Board Diversity Policy, the Board strives to have one member with relevant experience in the Group's businesses or industry; and one member with professional qualification in accounting or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group. The Board also strives to have at least one female Board member by 2025. All appointments will be based on merit of candidates, in the context of the skills and having due regard for the benefits of diversity on the Board, its needs and core values. The Board has taken the following steps to maintain or enhance its balance and diversity: • reviews by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • evaluations by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

TABLE I – COMPLIANCE WITH THE CODE

Principle/Provisions of the Code	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.4 – Diversity of the Board

	Number of Directors	Proportion of Board
Core Competencies		
– Accounting or finance	3	50%
– Business management	4	67%
– Legal or corporate governance	3	50%
– Relevant industry knowledge or experience	3	50%
– Strategic planning experience	4	67%
– Customer based experience or knowledge	3	50%

Accordingly, the NC and Board are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

Principle/Provisions of the Code	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board took the following steps to maintain or enhance its balance and diversity: • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
2.5	*Meeting in the absence of the Management*	The Independent Directors, led by the Lead Independent Director, would meet in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. For FY2022, the Independent Directors met once in the absence of key management personnel.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER		
3.1 3.2	*Role of Chairman and CEO*	Mr. Hooi Yu Koh is the Executive Chairman and CEO of the Company. As the Chairman, Mr. Hooi leads the Board discussions, fostering constructive conditions that renders the Board effective. He facilitates effective contribution and promotes high standards of corporate governance. He also ensures that Board meetings are held when necessary, sets the Board agenda and ensures that all Board members are provided with complete, adequate and timely information. The Chairman performs a significant leadership role by providing clear oversight and guidance to the management on strategy and the drive to transform the Group's businesses. As the CEO of the Company, Mr. Hooi takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He proposes strategic proposals to the Board and implements decisions made by the Board.
	Relationship between Chairman and CEO	As aforementioned, Mr. Hooi assumes both the roles of the Chairman and CEO. The Company believes that a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board is of the opinion that there is no need to separate the two roles after taking into consideration: • Size and capabilities of the Board; • Size and operations of the Group; and • Safeguards currently in place (such as the requirement for the Board's approval for material transactions which exceed certain thresholds/the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence) to ensure that decision-making by the Board is collective.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
BOARD MEMBERSHIP		
4	*Steps taken to progressively renew the Board composition*	The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.
4.1	*Role of NC*	The NC is guided by key terms of reference as follows: (a) Reviewing of board succession plans for directors, in particular, the Chairman and CEO, as well as succession plans for key management personnel; (b) Proposing objective processes and performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value; (c) Carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its board committees and the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board; (d) Determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration; (e) Reviewing the independence of any director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent; (f) Where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments[1];

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>(g) Based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members;

(h) Reviewing training and professional development programmes for the Board and its Directors; and

(i) Making recommendations to the Board on matters relating to the appointment and re-appointment of Directors (including alternate directors, if any).

1 The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments are not normally considered principal commitments.</td></tr>
<tr><td>4.3</td><td><u>Selecting, Appointment and Re-appointment of Directors</u>

Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>
<table>
<tr><th colspan="3">Table 4.3(a) -Selection and Appointment of New Directors</th></tr>
<tr><td colspan="3">The NC:–</td></tr>
<tr><td>1.</td><td>Determine selection criteria</td><td>• In consultation with the Board, identifies the current needs and inadequacies the Board requires to complement and strengthen the Board.
• Determines the role which competencies required for the new appointment after such consultation.</td></tr>
<tr><td>2.</td><td>Candidate search</td><td>• Considers candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assess shortlisted candidates</td><td>• Meets and interviews the shortlisted candidates to assess their suitability, ensuring that the candidates are aware of the expectations and the level of commitment required of them.</td></tr>
<tr><td>4.</td><td>Propose recommendations</td><td>• Makes recommendations for Board's consideration and approval.</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th colspan="3">Table 4.3(b) – Re-election of Incumbent Directors</th></tr>
<tr><td colspan="3">The NC:–</td></tr>
<tr><td>1.</td><td>Assess incumbent director</td><td>• Assesses the performance of the director in accordance with the performance criteria set by the Board.
• Considers the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Propose re-election of director</td><td>• Recommends the re-election of the director to the Board for its consideration and approval, subject to its satisfactory assessment.</td></tr>
</table>
Additionally, in relation to the appointment of new independent directors or re-election of incumbent independent directors, the NC would apply the pertinent rules and stipulations as set out in the Code and Catalist Rules.
After reviewing and considering the NC's recommendations, the Board would make the decision to appoint the new director and/or propose the re-election of the incumbent directors for shareholders' approval.
Pursuant to Regulation 117 of the Company's Constitution, at least one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Company's Constitution and the Catalist Rules, provides that all Directors shall retire by rotation at least once every three years and such retiring Director shall be eligible for re-election.
Pursuant to Regulation 122 of the Company's Constitution, any person by ordinary resolution appointed to be a director either to fill a casual vacancy or as an additional director shall hold office only until the next annual general meeting and shall then be eligible for re-election. Mr. Xu Quanqiang who was appointed by the Board on 30 December 2022, will retire at the Company's forthcoming Annual General Meeting ("AGM").
</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		The NC, with the respective member interested in the discussion having abstained from the deliberations, recommended Mr. Hooi Yu Koh, Mr. Kuan Cheng Tuck and Mr. Xu Quanqiang be nominated for re-election at the AGM. Mr. Hooi Yu Koh will, upon re-election as a Director of the Company, remain as an Executive Chairman and CEO, of the Company. Mr. Kuan Cheng Tuck will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the AC, and a member of the NC and RC. Mr. Kuan Cheng Tuck will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. The appointment of Mr. Xu Quanqiang as a Non-Executive Non-Independent Director to the Board in FY2022 was pursuant to the terms of the convertible bond subscription agreement dated 14 August 2022 entered into between the Company and LJHB Capital (S) Pte. Ltd. ("LJHB") wherein LJHB has a right to appoint a non-executive director to represent it on the Board of the Company subject to the approval of the Sponsor. Mr. Xu Quanqiang will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Director of the Company.
4.5	*Assessment of Directors' duties*	Assessment of the individual Directors' performance was based on the criteria set out in Section 5.1 of Table I. The following were used to assess the performance and consider competing time commitments of the Directors:– • Declarations by each Director of their other listed company directorships and principal commitments; • Annual confirmations by each Director on his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments; and • Assessment of the individual Directors' performance based on the criteria set out in the response to Provisions 5.1 and 5.2 below.

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>Other listed company directorships and principal commitments of Directors</td><td>The NC had reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and principal commitments of each of the Directors (if any) as set out below, and is satisfied that all Directors were able to diligently discharge their duties for FY2022.
<table>
<tr><th colspan="3">Table 4.5 – Other listed company directorships and principal commitments of Directors</th></tr>
<tr><th>Name of Director</th><th>Listed Company Directorships</th><th>Principal Commitments</th></tr>
<tr><td>Mr. Hooi Yu Koh</td><td>Nil</td><td>Kori Construction (S) Pte. Ltd.</td></tr>
<tr><td>Mr. Ng Wai Kit</td><td>Nil</td><td>Kori Construction (S) Pte. Ltd.</td></tr>
<tr><td>Mr. Kuan Cheng Tuck</td><td>• CNMC Goldmine Holdings Limited
• Karin Technology Holdings Limited</td><td>KCT Consulting Pte. Ltd.</td></tr>
<tr><td>Mr. Nicholas Philip Lazarus</td><td>Nil</td><td>Justicius Law Corporation</td></tr>
<tr><td>Mr. Lim Yeok Hua</td><td>Nil</td><td>Radians Consulting Pte Ltd</td></tr>
<tr><td>Mr. Xu Quanqiang</td><td>Keong Hong Holdings Limited</td><td>• LJHB Capital (S) Pte Ltd
• LJHB Holdings (S) Pte Ltd
• LJHB USA Inc
• Forevertrust International (S) Pte Ltd
• Continental Hope Singapore Industrial Development Pte Ltd</td></tr>
</table></td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Multiple Directorships (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has set the maximum number of listed company board representations as 6. Having assessed the capacity of the Directors based on factors disclosed in Section 4.5(c) of Table I, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge on board matters, hence ultimately benefitting the Company.
	(b) If a maximum has not been determined, what are the reasons?	Not Applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The specific considerations in assessing the capacity of Directors include: • Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principle commitments held.
PG 4	*Alternate Directors*	Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans. The Company currently does not have any alternate directors.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
BOARD PERFORMANCE		
5.1	*Performance Criteria*	The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment forms and checklists which are approved by the Board. The NC assesses the effectiveness of the Board as a whole, and the respective Board Committees, by completing a Board Performance Evaluation Form, which takes into consideration factors such as the Board's structure, access to information, conduct of meetings, succession planning, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of financial performance indicators which includes share price performance. The NC assesses the individual Directors' performance by completing a Directors' Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The NC would review the criteria periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval. The NC did not propose any significant changes to the performance criteria for FY2022.
5.2	*Performance Review* (a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The reviews of the performance of the Board, Board Committees and individual Directors are conducted by the NC annually and when the individual Director is due for re-election. For FY2022, the review process was as follows: 1. Save for Mr. Xu Quanqiang, the Non-Executive Non-Independent director who was appointed on 30 December 2022, all Directors individually completed the Performance Evaluation Questionnaires for the Board and Board Committees, and the Individual Director Self-assessment Form on the effectiveness of the Board, Board Committees and the individual Directors based on criteria as briefly described in Section 5.1;

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; 3. The NC discussed the report, and in particular matters relating to Board composition, Board processes, risk management, succession planning and director development; and 4. The results of the performance review were deliberated during the NC meeting and tabled at the Board meeting for further discussion. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance or re-appointment as a Director of the Company. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs for FY2022, is of the view that the performance of the Board as a whole has been satisfactory, and that the Board has met its performance objectives for FY2022.
REMUNERATION MATTERS		
DEVELOPING REMUNERATION POLICIES		
6.1 6.3	*Composition and Role of the RC*	The RC is guided by key terms of reference which includes: (a) Reviewing and recommending to the Board, a general framework of remuneration for the Directors and key executives, which will be submitted for endorsement by the entire Board; (b) Reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key executives; (c) Reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		(d) Considering and approving termination payments, retirement payments, gratuities, ex-gratia payment, severance payments and other similar payments to each member of key management personnel; (e) Reviewing and recommending to the Board the service contracts of the Executive Chairman and CEO and key management personnel and ensuring that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; (f) Generally, perform such other functions and duties as may be required by the relevant laws or provisions of the Catalist Rules and the Code (as may be amended from time to time). The RC's review and recommendations cover all aspects including fees, salaries, allowance, bonuses, options, share-based incentives, awards and benefits-in-kind. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.
6.4	*Engagement of Remuneration Consultants*	No remuneration consultants were engaged by the Company in FY2022. If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of all Directors.
LEVEL AND MIX OF REMUNERATION		
DISCLOSURE ON REMUNERATION		
7.1 7.2 7.3 8.1	*Remuneration Policy*	The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff that total compensation has been linked to the achievement of organisational and individual performance objectives and benchmarked against relevant and comparative compensation in the market.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	"Claw-back" Provisions	There are no contractual provisions which allow the Company to reclaim incentives from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. Nonetheless, the Company shall consider the said contractual provisions to be included in future renewals of service contracts as recommended by the Code. Save as aforesaid, the Company reserves the rights to employ legal recourse should any Director and/or key management personnel wilfully and negligently engage in any misconduct.
	Remuneration Structure for Executive Directors and key management personnel (a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her role, individual performance and contribution towards the overall performance of the Group for FY2022. Their remuneration is typically made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives, for each individual role. The remuneration structure is generally linked by incorporating key performance indicators, selected conditions in the share plans and performance conditions as briefly described below. The senior management proposes the compensation for the Executive Directors and key management personnel for the RC's review, which would thereafter be recommended for the Board's approval. In FY2022, the remuneration of the Executive Directors and key management personnel is largely fixed compensations in the light of unprecedented financial and economic uncertainties brought about by the pandemic.

<table>
<tr><th colspan="3">TABLE I – COMPLIANCE WITH THE CODE</th></tr>
<tr><th>Principle/Provisions of the Code</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>Performance Criteria

(b) What were the performance conditions used to determine their entitlement under the short term and long-term incentive schemes?</td><td>The performance conditions for determining incentive plans were chosen to motivate Executive Directors and key management personnel to work in alignment with the goals of all stakeholders are based on both qualitative criteria (such as leadership, people development, commitment, teamwork, current market and industry practices and macro-economic factors) and quantitative factors (such as profitability, number of contracts secured, amount of billings and relative financial performance of the Group to its industry peers).</td></tr>
<tr><td>7.2</td><td>Remuneration Structure of Non-Executive Directors</td><td>The Independent Non-Executive Directors do not have any service contracts and are paid directors' fees in cash.

The Directors' fees are subject to shareholders' approval at a general meeting. The fees for the financial year in review are determined in the previous financial year, and were proposed by the Management, submitted to the RC for review and thereafter recommended for endorsement by the Board and subjected to of shareholders at the annual general meeting.

The RC (with the concerned directors abstained from deliberations) has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2022 is appropriate, considering the effort, time spent and responsibilities.</td></tr>
<tr><td>8.1(a)
8.1(b)</td><td>(a) Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors and the CEO for FY 2022 is as follows:

<table>
<tr><th colspan="7">Table 8.1(a) – Directors' and CEO's Remuneration</th></tr>
<tr><th>Name</th><th>Remuneration (S$)</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits-in-kind (%)*</th><th>Total (%)</th></tr>
<tr><td>Mr. Hooi Yu Koh</td><td>420,115</td><td>85</td><td>–</td><td>NA</td><td>15</td><td>100</td></tr>
<tr><td>Mr. Ng Wai Kit</td><td>198,360</td><td>91</td><td>–</td><td>NA</td><td>9</td><td>100</td></tr>
<tr><td>Mr. Kuan Cheng Tuck</td><td>48,000</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Mr. Nicholas Philip Lazarus</td><td>43,000</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Mr. Lim Yeok Hua</td><td>40,000</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Mr. Xu Quanqiang</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
</table>

NA – Not applicable
* Benefits-in-kind includes monthly allowances

There were no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top three (3) key management personnel in FY2022.</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE

Principle/Provisions of the Code	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Given the size and nature of the Company's business, the Company has only identified 3 top key management personnel in FY2022. The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2022 is as follows:
	(c) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The Group has three (3) key management personnel who are not directors for FY2022. The total remuneration paid to the top three (3) key management personnel for FY2022 was S$321,270.
8.2	*Related Employees* Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There was no employee of the Group who was a substantial shareholder, immediate family member of a substantial shareholder, Director or the CEO whose remuneration exceeded S$100,000 in FY2022.

Table 8.1(b) – Remuneration of Key Management Personnel

Name	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)
Below S$250,000				
Jia Hongyan	100	–	–	100
Lee Yeng Tat#	96	–	4	100
Chookul Charun	100	–	–	100

Mr. Lee Yeng Tat retired as Head of the Steel Division of the Company on 14 March 2023 and Mr. Wong Chi Kong was appointed for this role on 15 March 2023.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
8.3	*Employee Share Schemes*	The Kori Performance Share Plan (the "**Share Plan**") was adopted by the shareholders of the Company on 21 November 2012. The Share Plan shall continue in operation at the discretion of the administration committee for a maximum period of ten (10) years commencing on the date on which the Share Plan is adopted, provided that the Share Plan may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The Share Plan expired on 20 November 2022. There were no issuance under the Share Plan during FY2022. The Company does not have any performance share plan and employee share option scheme as at the date of the Annual Report.
ACCOUNTABILITY AND AUDIT		
RISK MANAGEMENT AND INTERNAL CONTROLS		
9 9.1	*Risk Governance by the Board*	The Board, with the assistance of the AC, is responsible for the overall risk governance, risk management and internal control systems and framework of the Group. The Board has in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risk. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.
	Identification of the Group's risks	At least once a year, the Group undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and information technology controls. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the AC to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business. For FY2022, the Board and AC has reviewed and is satisfied that the controls are reasonably adequate.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		Operational business risks are identified, addressed and reviewed on an ongoing basis by the Management. The Management then reports and updates the AC on a regular basis. For material risks which includes breaches in regulations or events that would potentially incur substantial damages/loss, the Board has an internal escalation/practice in place, whereby the Board is notified of such major incidents to be able to provide oversight and advise the Management accordingly.
	Management of risks	For FY2022, the Board and AC has reviewed that the Group's key risks largely lies in the area of fixed asset management on steel beams, account receivables management and internal review on sustainability reporting process. These risks have been mitigated by way of strengthening the control of fixed asset, updating of the Group's policy on follow up process and reviewing of existing Finance including Fixed Asset Policy.
9.2	*Confirmation of Internal Controls* (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were reasonably adequate and effective for FY2022. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and FC (refer to Section 9.2(b) of Table I); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel evaluates, monitors material risks and reports to the AC on a regular basis; 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and 5. An enterprise risk management framework was established to identify, manage and mitigate significant risks. The system of internal controls and risk management policies established by the Company is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the FC as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the CEO and FC in respect of FY2022. The Board had additionally relied on IA reports in respect of, amongst others, fixed assets management and accounts receivable management, issued to the Company as assurances that the Company's risk management and internal control systems are reasonably effective.
AUDIT COMMITTEE		
10.1 10.3	_Role of the AC_	All members of the AC are Non-Executive Directors who are independent and do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members was previous partner or director of the Company's external audit firm within a period of two years commencing on the date of his ceasing to be a partner of the external audit firm and none of the AC members holds any financial interest in the external audit firm. The AC is guided by its key terms of reference, which includes: (a) Reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance; (b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls. Review of the Company's internal controls may be carried out with the assistance of externally appointed professionals; (c) Reviewing the assurance from the CEO and the FC on the financial records and financial statements;

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		(d) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions; (e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA; (f) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and the remuneration and terms of engagement of the EA; (g) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; (h) Review and approve transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any); (i) Reviewing any potential conflicts of interest. In particular, the AC will review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest between the Group and the Directors, CEO, controlling shareholders and/or their respective associates and propose, where appropriate, the relevant measures for the management of such conflicts; and (j) Generally, performing such other functions and duties as may be required by the relevant laws or provisions of the Catalist Rules and the Code (as may be amended from time to time).
	Whistle Blowing Policy	The Company has in place a whistle-blowing policy which has been communicated to all employees and is available on its website. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report through email to ac@kori.com.sg.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		The AC is responsible for the oversight and monitoring of whistleblowing, and ensures independent investigation of the reported concern. If it deems appropriate, independent advisors will be engaged at the Group's expense. No whistle-blowing reports were received in FY2022. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle-blowing policy without fear of harassment and assurance their reports will be taken seriously. All complaints will be treated as confidential. The whistleblowers' identities will not be disclosed without prior consent (except where disclosure obligations are required under law and regulations). Where concerns are unable to be resolved without revealing the identity of the whistleblower (e.g. if their evidence is required in court), a dialogue will be entered into with the whistleblower as to whether and how to proceed. In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees and any other persons making such reports will be treated fairly and be protected from reprisals.
10.2	*Qualification of the AC members*	Yes. The Board considers Mr. Kuan Cheng Tuck, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr. Lim Yeok Hua and Mr. Nicholas Philip Lazarus are also trained in accounting and financial management.
10.4	*Internal Audit Function*	The Company's internal audit function is outsourced to RSM Risk Advisory Pte Ltd ("**RSM**") that reports directly to the AC Chairman and administratively to the Management. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation to which the internal audit function of the Company is outsourced. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		The AC is satisfied that RSM is able to discharge its duties effectively as: • It is adequately qualified, given that the Partner and the staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors; • It is adequately resourced as there is a team of 3 members assigned to the Company's internal audit, led by the partner, with audit experience in the real estate and construction industry; and • It has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.
10.5	*Met Auditors in Management's Absence*	The AC has met with the IA and the EA once in the absence of key management personnel in FY2022.
SHAREHOLDER RIGHTS AND ENGAGEMENT		
SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS		
11.1	*Shareholders' Participation at General Meetings*	Shareholders are entitled to attend the general meetings and are afforded the opportunity to participate effectively in and vote at general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.
	Appointment of Proxies	As the Company's forthcoming AGM for FY2022 will be held by way of electronic means, shareholders are reminded to refer to the notes set out in the notice of AGM (which will be published on SGXNET and the Company's corporate website) for further details on the AGM arrangements.
11.2	*Bundling of Resolutions*	Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together. Reasons and implications of why resolutions are bundled will be set out in the circulars sent out.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
11.3	*Directors' Attendance*	The Company requires all Directors (including the respective chairman of the Board Committees) to be present, either physically or virtually pursuant to meeting arrangement under the Order, at all general meetings, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.
11.4	*Absentia Voting*	The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile).
11.5	*Publication of Minutes*	All minutes of general meetings, including the substantial and relevant comments or queries raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within one month after the general meeting. The minutes to the Company's upcoming AGM will be published on SGXNET and the Company's corporate website within one month after the AGM.
11.6	*Dividend Policy* (a) Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	(b) Is the Company paying dividends for the financial year? If not, please explain why.	No dividend has been declared or recommended for FY2022 as the Board feels that it is better to build up the cash reserve to take advantage of available business opportunities.

CORPORATE **GOVERNANCE REPORT**

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
ENGAGEMENT WITH SHAREHOLDERS		
12.1 12.2 12.3 13.3	*Communication with Shareholders* (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via: • a dedicated investor relations team whose contact details can be found www.kori.com.sg; • investor relations webpage at www.kori.com.sg/ir.html; and • investor/analyst briefings. The Company held two investor briefings in FY2022 to meet with its institutional and retail investors. In FY2022, the management has also updated shareholders on the Company's performance via its announcements and press releases. The Company currently does not have an investor relations policy but considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.kori.com.sg and its investor relations webpage at www.kori.com.sg/latestnews.html and www.kori.com.sg/od.html. All materials presented in general meetings are uploaded on the SGXNET. For enquires and all other matters, Shareholders and all other parties can contact the Company at 11 Sims Drive #06-01 SCN Centre Singapore 387385.

TABLE I – COMPLIANCE WITH THE CODE		
Principle/Provisions of the Code	**Code and/or Guide Description**	**Company's Compliance or Explanation**
MANAGING STAKEHOLDERS RELATIONSHIP		
ENGAGEMENT WITH STAKEHOLDERS		
13.1 13.2	*Stakeholders Management*	The Company undertakes an annual review in identifying its material stakeholders. It assesses the material environmental, social and governance factors that affects the Group. The Company will publish its standalone FY2022 Sustainability Report no later than 30 April 2023 and the same will be uploaded on the Company's website as well as on SGXNET. In defining the Company's sustainability reporting content, the Company will apply the principles of the Global Reporting Initiative (GRI) by considering the Group's activities, impact and substantive expectations and interests of its stakeholders. The Company will observe a total of four principles, namely materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, the Company will observe the principles of balance, comparability, accuracy, timeliness, clarity and reliability. The Sustainability Report will be on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Catalist Rules. Corresponding to GRI's emphasis on materiality, the Sustainability Report will highlight the key economic, environmental, social and governance related initiatives carried out throughout the 12-month period, from 1 January 2022 to 31 December 2022.

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th colspan="3">TABLE II – COMPLIANCE WITH CATALIST RULES</th></tr>
<tr><th>Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(6)(A)</td><td><u>Non-audit fees</u>

(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td><table>
<tr><th colspan="3">Table 1204(6)(A) – Fees Paid/Payable to the EA for FY2022</th></tr>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>86,700</td><td>84.8</td></tr>
<tr><td>Non-Audit Fees</td><td>15,500</td><td>15.2</td></tr>
<tr><td>Total</td><td>102,200</td><td>100.0</td></tr>
</table></td></tr>
<tr><td>1204(6)(B)</td><td><u>Confirmation by AC</u>

(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>The non-audit services rendered during FY2022 were not substantial.</td></tr>
<tr><td>1204(6)(C)</td><td><u>Appointment of Auditors</u></td><td>The Company confirms its compliance to Rules 712 and 715 of the Catalist Rules.</td></tr>
<tr><td>1204(8)</td><td><u>Material Contracts</u></td><td>The Company had entered into a loan agreement with Mr. Hooi Yu Koh, the Executive Chairman and CEO, for a principal amount of S$524,642, bearing an interest of 5% per annum, in FY2022. The loan is unsecured and with no fixed term of repayment.

The Company is the borrower and Mr. Hooi Yu Koh is the lender.

Save as above disclosure, there were no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.</td></tr>
<tr><td>1204(10)</td><td><u>Adequacy of Internal Controls</u></td><td>Please refer to the confirmation provided by the Board in Section 9.2 of Table I.</td></tr>
<tr><td>1204(10B)</td><td><u>Adequacy of Internal Audit Function</u></td><td>The AC is of the opinion that the internal audit function is independent, effective and adequately resourced.</td></tr>
<tr><td>1204(11)</td><td><u>Properties held for development/sale/investment</u></td><td>Not applicable, as the Group does not hold any land or building for development, sale or investment. The leasehold land held by the Group is for operational purposes.</td></tr>
<tr><td>1204(17)</td><td><u>Interested Person Transactions ("IPT")</u></td><td>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Save as previously announced by the Company via SGXNET for a convertible bond subscription agreement entered between the Company and LJHB Capital (S) Pte. Ltd. for S$2.0 million, there were no IPTs with value more than S$100,000 transacted in FY2022.</td></tr>
</table>

<table>
<tr><td></td><td></td><td>The convertible bond subscription was approved by independent shareholders in the extraordinary general meeting held on 15 September 2022. More information is available in the circular dated 31 August 2022.

The Company does not have a general mandate from its shareholders for IPTs.</td></tr>
<tr><td>1204(19)</td><td><u>Dealing in Securities</u></td><td>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information, which is not available to the public.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results. The Company will also send a memorandum prior to the commencement of each window period as a reminder to the Directors, officers, relevant employees and associates to ensure that they comply with the Code.</td></tr>
<tr><td>1204(21)</td><td><u>Non-sponsor Fees</u></td><td>The Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd., has not rendered any non-sponsorship services to the Company for FY2022. Accordingly, no non-sponsor fees were paid to the Sponsor for FY2022.</td></tr>
<tr><td>1204(22)</td><td><u>Use of Proceeds</u></td><td>The Company had on 21 September 2022 issued an aggregated S$3,000,000 convertible bonds pursuant to convertible bonds subscription agreements with the investors dated 14 August 2022. The Company has raised net proceeds of approximately S$2.845 million from issuance of the convertible bonds.

As at the date of this Annual Report, the proceeds have been utilised as follows:

<table>
<tr><th>Use of Proceeds</th><th>Net amount raised (S$'000)</th><th>Amount utilised (S$'000)</th><th>Balance (S$'000)</th></tr>
<tr><td>General working capital purposes</td><td>2,845</td><td>845</td><td>2,000</td></tr>
<tr><td>Total</td><td>2,845</td><td>845</td><td>2,000</td></tr>
</table>

Note:
(1) The entire amount of S$845,000 for general working capital has been utilized to acquire new steel materials in anticipation of its operational needs as the Group expects an increase in work volume with the gradual lifting of pandemic restrictions and the roll out of new public infrastructure works such as the MRT Cross Island Line projects.

The proceeds were utilised in accordance with its intended use.</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

Please refer to the table below for additional information on Directors seeking re-election and/or continued appointment as independent director at the forthcoming AGM (Please see Notice of AGM for more details):

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
Date of appointment announcement ("**Previous Announcement**")	14 May 2018	16 November 2012	30 December 2022
Any changes to the Previous Announcement?	Yes, please refer to details below.	Yes, please refer to details below.	No
Changes to the Previous Announcement, if applicable			
Designation	Executive Chairman and CEO	Lead Independent Director, Chairman of AC, NC Member and RC Member	Non-Executive Non-Independent Director
Date of appointment	18 May 2012	16 November 2012	30 December 2022
Date of last re-appointment	29 June 2020	27 April 2021	Not applicable
Age	51	51	44
Country of principal residence	Singapore	Singapore	Singapore
Academic qualifications	• University of Malaya – Bachelor Degree in Engineering (Civil)	• Bachelor of Accountancy degree • Bachelor of Laws (Honours) degree • Master of Laws (Corporate and Financial Services Law) degree	• Master of Business Administration from the University of South Australia
Professional memberships/ qualifications	• Honorary Treasurer of Singapore Welding Society	• Fellow member of the Association of Chartered Certified Accountants, United Kingdom • Member of the Institute of Singapore Chartered Accountants • Advocate and Solicitor, Singapore • Member of the Singapore Institute of Directors	• Member of the Singapore Institute of Directors

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
Principal Commitments	*Present*		
Directorships – Public companies	• Kori Holdings Limited	• Kori Holdings Limited • CNMC Goldmine Holdings Limited • Karin Technology Holdings Limited	• Kori Holdings Limited • Keong Hong Holdings Limited
Directorships – Private companies	• Kori Construction (S) Pte. Ltd. • Ming Shin Construction (S) Pte. Ltd. • Be-st A-A Centre Pte. Ltd. • Kori Construction (M) Sdn. Bhd.	• KCT Consulting Pte. Ltd. • Kreston Consulting Pte. Ltd. • Tahua Realty Sdn. Bhd. • Konifer Realty Sdn. Bhd.	• Innotrust Pte Ltd • Wisestone Pte Ltd • PT Forevertrust International Indonesia • Grandwood Holdings Pte Ltd • Grandwood (Japan) Pte Ltd • LJHB Capital (S) Pte Ltd • Forevertrust International (S) Pte Ltd
Other Principal commitments[1]	NIL	• KCT Consulting Pte Ltd	• LJHB Capital (S) Pte Ltd • LJHB Holdings (S) Pte Ltd • LJHB USA Inc • Forevertrust International (S) Pte Ltd • Continental Hope Singapore Industrial Development Pte Ltd
Principal Commitments	*Past (for the last 5 years)*		
Directorships – Public companies	Nil	• CW Group Holdings Limited • Green Build Technology Limited	Nil
Directorships – Private companies	Nil	Nil	• Aitec International Pte Ltd • Advtech (Singapore) Pte Ltd
Shareholding interest in the Company and its subsidiaries	Aggregate (direct and deemed) interest of 34.13% in the shares of the Company, comprising direct interest of 18,939,100 shares representing a shareholding of 19.09% and an indirect interest of 14,924,000 shares representing a shareholding of 15.04%.	Nil	Nil

1 *Include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

CORPORATE **GOVERNANCE REPORT**

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Hooi as Executive Chairman of the Company was recommended by the NC, and the Board has accepted the recommendation, after the assessment of his performance, past experiences and overall contribution since his appointment as a Director of the Company.	The re-election of Mr. Kuan as Independent Director of the Company was recommended by the NC, and the Board has accepted the recommendation, after the assessment of his performance, past experiences and overall contribution since his appointment as a Director of the Company.	The re-election of Mr. Xu as Independent Director of the Company was recommended by the NC, and the Board has accepted the recommendation, after the assessment of his performance, past experiences and overall contribution since his appointment as a Director of the Company.
Whether the appointment has changed from non-executive to executive. If so, please state the area of responsibility	N.A.	N.A.	N.A.
Working experience and occupation(s) during the past 10 years	• August 2017 to present – Executive Director of Be-st A-A Centre Pte. Ltd. • July 2014 to August 2016 – Executive Director of Fuchiang Construction Pte. Ltd. • May 2012 to present – Executive Director of Kori Holdings Limited • October 2005 to present – Executive Director of Kori Construction (S) Pte. Ltd. • July 2004 to present – Executive Director of Ming Shin Construction (S) Pte. Ltd. • June 2004 to present – Executive Director of Kori Construction (M) Sdn. Bhd.	• Director of KCT Consulting Pte. Ltd.	• June 2017 to present – CEO of: – LJHB Holdings (S) Pte Ltd – LJHB USA Inc – Forevertrust International (S) Pte Ltd. • January to May 2017 – CEO of Ronghua Group Pte Ltd • June to December 2016 – Regional General Manager of GIC Group Pte Ltd • October 2013 to May 2016 – Country General Manager of BSI Group Singapore Pte Ltd • July 2012 to October 2013 – Sales and Marketing Director of BSI Group Singapore Pte Ltd • March 2006 to July 2012 – Assistant Vice President, Sales of TUV SUD PSB Pte Ltd
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil	Mr. Xu is a director of LJHB Capital (S) Pte Ltd, who is the controlling shareholder of Keong Hong Holdings Limited ("**KHHL**"), and KHHL is a controlling shareholder of the Company.

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
Conflict of Interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
The general statutory disclosures of the Directors are as follows:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was 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 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was 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 2 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?	Yes. Mr. Hooi resigned as Director of Fuchiang Construction Pte Ltd in July 2016 (effective August 2016). Fuchiang Construction Pte Ltd filed for Voluntary Liquidation in September 2016.	Yes. Mr. Kuan was an independent non-executive director of CW Group Holdings Limited ("**CWG**") (incorporated in the Cayman Islands and formerly listed on the HKEx) from 14 March 2012 to 9 November 2018. CWG was placed in provisional liquidation sometime in or around August 2018.	No

CORPORATE **GOVERNANCE REPORT**

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he 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?	No	No	No
(e) Whether he 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?	No	No	No

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
(f) Whether at any time during the last 10 years, judgment has been 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, or he has 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?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he 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?	No	No	No

CORPORATE **GOVERNANCE REPORT**

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No	No
(k) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(l) 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; or	No	No	No
(m) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

	TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
	Director seeking re-election, and continued appointment as executive director	**Director seeking re-election and continued appointment as independent director**	**Director seeking re-election and continued appointment as non-executive non-independent director**
	Mr. Hooi Yu Koh	Mr. Kuan Cheng Tuck	Mr. Xu Quanqiang
(n) 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 that period when he was so concerned with the entity or business trust?	No	No	No
(o) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Prior Experience as a Director of a Listed Company on the Exchange			
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This relates to the re-election of a director and the continued appointment of an executive director.	Not applicable. This relates to the re-election of a director and the continued appointment of an independent director.	Not applicable. This relates to the re-election of a director and the continued appointment of a non-executive non-independent director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

N.A – Not Applicable

DIRECTORS' **STATEMENT**

The Directors of Kori Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Hooi Yu Koh
Ng Wai Kit
Kuan Cheng Tuck
Nicholas Philip Lazarus
Lim Yeok Hua
Xu Quanqiang (Appointed on 30 December 2022)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 5 and 6 in this statement below.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

	Direct Interest		Deemed Interest	
	Balance as at 1 January 2022	**Balance as at 31 December 2022**	**Balance as at 1 January 2022**	**Balance as at 31 December 2022**
	Number of ordinary shares		**Number of ordinary shares**	
Company				
Hooi Yu Koh	18,939,100	18,939,100	14,924,000	14,924,000
Ng Wai Kit	10,000	10,000	–	–

4. Directors' interests in shares or debentures (Continued)

By virtue of Section 7 of the Act, Hooi Yu Koh and Ng Wai Kit are deemed to have an interest in all the related corporations of the Company.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2023 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2022.

5. Share options

The Kori Employee Share Options scheme was adopted by the shareholders of the Company on 21 November 2012 and had expired on 20 November 2022.

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

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

The Company or its subsidiary corporations do not have any employee share option scheme as at the date of the Annual Report.

6. Performance share plan

The Kori Performance Share Plan was adopted by the shareholders of the Company on 21 November 2012 and had expired on 20 November 2022.

The Company or its subsidiary corporations do not have any performance share plan as at the date of the Annual Report.

7. Audit Committee

The Audit Committee comprises the following members who are all non-executive and Independent Directors. The members of the Audit Committee during the financial year and at the date of this statement are:

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

In accordance with Section 201B(5) of the Act, the Audit Committee has reviewed with the Company's internal auditors their audit plan and the scope and results of their internal audit procedures. It has also reviewed with the Company's independent auditors, BDO LLP, their audit plan, their evaluation of the system of internal accounting controls, their audit report on the accompanying financial statements for the financial year ended 31 December 2022 and the assistance given by the management of the Group to them. The accompanying financial statements as well as the independent auditors' report thereon have been reviewed by the Audit Committee prior to their submission to the Board of Directors.

DIRECTORS' STATEMENT

7. Audit Committee (Continued)

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The Audit Committee has recommended to the Board of Directors the re-appointment of BDO LLP as independent auditors of the Company, at the forthcoming Annual General Meeting of the Company.

8. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Hooi Yu Koh
Director

Ng Wai Kit
Director

Singapore
6 April 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kori Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 69 to 129, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1 Revenue recognition	
The Group is principally engaged in providing civil/structural engineering and infrastructural construction services such as installation and dismantling services for structural steel works and supply of labour for tunnelling works ("Construction Services"). The Group is also required to supply steel beams, by way of sale and buyback arrangement to its customers as part of the contracts with its customers. During the financial year ended 31 December 2022, the Group's revenue from Construction Services and rental of steel beams amounted to $6,354,905 and $13,139,557 respectively. The Group has identified that the supply of steel beams as an operating lease and revenue is measured separately from those of Construction Services. Revenue from the Group's Construction Services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group as the project progresses. The Group applies the input method to determine the percentage-of-completion which is measured by total contract costs incurred to-date over total budgeted contract costs of the construction contracts as approved by management. We have determined revenue recognition as a key audit matter due to the significant management judgement and estimates involved in determining the percentage-of-completion for Constructions Services and accounting for arrangements of sale and buyback of the supply of steel beams. Refer to Notes 2.8, 3.1, 3.2, 5 and 14 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Evaluated the appropriateness of the Group's revenue recognition accounting policies; • Selected significant construction contracts and obtained an understanding of the key terms of the contracts; • Carried out tests of controls surrounding management's internal costing and revenue recognition process to estimate contract revenues, contract costs and profit margins; • Evaluated management's revised budgeted contract costs and assessed the reasonableness of such revisions; • Obtained an understanding of the progress and status of the significant ongoing construction contracts through discussions with management and conducted site visits; • Tested the costs-to-complete for significant ongoing construction contracts by evaluating the reasonableness of the estimated labour hours, estimated labour rates and overhead expenses; • Tested the labour costs charged for significant ongoing construction contracts against the timesheets of the construction contract employees, on sample basis. We also verified the existence of those employees by checking against payroll records; and • Assessed the adequacy of the related disclosures in the financial statements.

Key Audit Matters (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
2 Loss allowance for trade receivables, unbilled receivables, retention receivables and contract assets	
As at 31 December 2022, the carrying amounts of trade receivables, unbilled receivables, retention receivables and contract assets aggregated to $37,670,538 and represented 89% of the Group's total current assets. During the financial year, loss allowance of $2,314,262 was recognised in profit or loss. In addition, the Group is exposed to significant concentration of credit risk in relation to its top 4 customers which contributed approximately 88% of the total trade receivables, unbilled receivables, retention receivables and contract assets as at 31 December 2022. Management estimates the lifetime expected credit losses by taking into account the historical payment trends, default payment information, the credit profile of its customers and an assessment of both the current and forward-looking information on macroeconomic factors affecting the Group's customers, all of which involved significant judgement. We have determined the assessment of loss allowance for trade receivables, unbilled receivables, retention receivables and contract assets to be a key audit matter as it involved significant judgements and critical assumptions applied by management. Refer to Notes 2.6, 3.2, 13, 14 and 31.1 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Tested the aging report used by management in its recoverability assessment; • Reviewed collectability of long outstanding debts by obtaining evidence of receipts from the debtors on a sampling basis subsequent to the year-end; • Assessed the reasonableness of management's loss allowance estimates by reviewing the information used to determine such judgements, including testing the reasonableness of historical default rate, checked the profile of its customers and evaluated the current and forward-looking information in determining the provision rates; and • Assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Key Audit Matters (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
3 Recoverability of current income tax recoverable	
As at 31 December 2022, the Group recorded current income tax recoverable of $643,094 with respect to revised tax computations submitted to the tax authority. The recoverability is largely dependent on the tax authority accepting the Group's revised tax computations arising from the restatement of financial results in prior years. During the financial year, the Group had received a letter from the tax authority disregarding certain capital allowances included in the revised tax computations pertaining to previous years of assessment. Accordingly, the management had engaged a tax specialist to review the revised tax computations that were submitted and also raised an objection to the tax authority on 16 June 2022. Based on the advice of the tax specialist, management is of the view that the amount of $643,094 recorded as income tax recoverable as at 31 December 2022 remains appropriate under the relevant income tax rule. We have determined the income tax recoverable to be a key audit matter due to the significant judgement made by management and tax specialist in the recoverability assessment. Refer to Note 3.1 to the accompanying financial statements.	We performed the following audit procedures, amongst others: • Obtained and read the correspondences between the Group, independent external tax specialist and tax authority; • Held discussions with management to understand if there were any major developments subsequent to the receipt of the letter from the tax authority; • Engage our internal tax specialist to evaluate the appropriateness of management's judgement, which is supported by the advice from independent external tax specialist, under the relevant income tax rule; and • Assessed the adequacy of the related disclosures in the financial statements.

Other Information

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lee Kuang Hon.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2023

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		$	$
Revenue	5	**19,494,462**	18,300,474
Cost of sales		**(12,671,556)**	(11,742,073)
Gross profit		**6,822,906**	6,558,401
Other items of income			
Interest income	6	**6,984**	1,625
Other income	6	**400,559**	823,399
Other items of expense			
Administrative and other expenses		**(3,051,600)**	(4,339,666)
Loss allowance reversed/(made)			
– trade receivables		**(96,192)**	19,395
– unbilled receivables		**(1,550,183)**	(100,656)
– retention receivables		**(356,814)**	(57,467)
– contract assets		**(311,073)**	(1,451,533)
Finance costs	7	**(270,412)**	(177,899)
Profit before income tax	8	**1,594,175**	1,275,599
Income tax expense	9	**(238,583)**	(99,475)
Profit for the financial year, attributable to owners of the parent		**1,355,592**	1,176,124
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency differences on translation of foreign operations		**5,954**	(26,059)
Other comprehensive income, net of tax		**5,954**	(26,059)
Total comprehensive income for the financial year, attributable to owners of the parent		**1,361,546**	1,150,065
Earnings per share			
Basic	10	**1.37 cents**	1.19 cents
Diluted	10	**1.34 cents**	1.19 cents

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

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Non-current assets					
Property, plant and equipment	11	**32,705,307**	35,444,523	**–**	–
Investments in subsidiaries	12	**–**	–	**25,825,255**	27,069,780
Total non-current assets		**32,705,307**	35,444,523	**25,825,255**	27,069,780
Current assets					
Trade and other receivables	13	**33,381,447**	25,986,500	**4,145,701**	1,143,877
Contract assets	14	**4,546,423**	7,024,259	**–**	–
Capitalised contract costs	14	**266,106**	460,830	**–**	–
Prepayments		**236,616**	270,350	**557**	657
Current income tax recoverable		**643,094**	643,094	**–**	–
Cash and bank balances	15	**691,046**	756,050	**39,088**	9,153
Fixed deposits	15	**2,572,206**	2,065,920	**–**	–
Total current assets		**42,336,938**	37,207,003	**4,185,346**	1,153,687
Less:					
Current liabilities					
Trade and other payables	16	**8,483,083**	7,864,314	**265,751**	146,389
Contract liabilities	14	**5,242,284**	3,786,363	**–**	–
Lease liabilities	17	**202,520**	207,754	**–**	–
Bank borrowings	18	**1,749,914**	5,223,442	**–**	–
Current income tax payable		**5,863**	2,473	**5,863**	2,473
Total current liabilities		**15,683,664**	17,084,346	**271,614**	148,862
Net current assets		**26,653,274**	20,122,657	**3,913,732**	1,004,825
Less:					
Non-current liabilities					
Lease liabilities	17	**158,037**	103,929	**–**	–
Bank borrowings	18	**1,153,152**	1,902,923	**–**	–
Deferred tax liabilities	19	**1,001,029**	776,393	**31,000**	–
Convertible bonds	20	**2,811,870**	–	**2,811,870**	–
Provisions	21	**50,000**	–	**–**	–
Total non-current liabilities		**5,174,088**	2,783,245	**2,842,870**	–
Net assets		**54,184,493**	52,783,935	**26,896,117**	28,074,605
Equity					
Share capital	22	**32,290,650**	32,290,650	**32,290,650**	32,290,650
Merger reserve	23	**(25,627,521)**	(25,627,521)	**–**	–
Foreign currency translation account	24	**(13,007)**	(18,961)	**–**	–
Capital reserve	25	**39,012**	–	**39,012**	–
Retained earnings/(Accumulated losses)	26	**47,495,359**	46,139,767	**(5,433,545)**	(4,216,045)
Total equity attributable to owners of the parent		**54,184,493**	52,783,935	**26,896,117**	28,074,605

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the parent					
Group	**Note**	**Share capital**	**Merger reserve**	**Foreign currency translation (account)/ reserve**	**Capital reserve**	**Retained earnings**	**Total equity**
		$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2022		**32,290,650**	**(25,627,521)**	**(18,961)**	**–**	**46,139,767**	**52,783,935**
Profit for the financial year		**–**	**–**	**–**	**–**	**1,355,592**	**1,355,592**
Other comprehensive income for the financial year:							
Exchange differences on translation of foreign operations	24	**–**	**–**	**5,954**	**–**	**–**	**5,954**
Total comprehensive income for the financial year		**–**	**–**	**5,954**	**–**	**1,355,592**	**1,361,546**
Total transactions with owners, recognised directly in equity:							
Recognition of equity component of convertible bonds, representing total transactions with owners	25	**–**	**–**	**–**	**39,012**	**–**	**39,012**
Balance at 31 December 2022		**32,290,650**	**(25,627,521)**	**(13,007)**	**39,012**	**47,495,359**	**54,184,493**

		Attributable to owners of the parent				
Group	**Note**	**Share capital**	**Merger reserve**	**Foreign currency translation (account)/ reserve**	**Retained earnings**	**Total equity**
		$	**$**	**$**	**$**	**$**
Balance at 1 January 2021		32,290,650	(25,627,521)	7,098	44,963,643	51,633,870
Profit for the financial year		–	–	–	1,176,124	1,176,124
Other comprehensive income for the financial year:						
Exchange differences on translation of foreign operations	24	–	–	(26,059)	–	(26,059)
Total comprehensive income for the financial year		–	–	(26,059)	1,176,124	1,150,065
Balance at 31 December 2021		32,290,650	(25,627,521)	(18,961)	46,139,767	52,783,935

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $	2021 $
Operating activities			
Profit before income tax		**1,594,4175**	1,275,599
Adjustments for:			
Amortisation of capitalised contract costs	14	**208,723**	160,109
Depreciation of property, plant and equipment	11	**1,669,620**	2,124,691
Loss/(Gain) on disposals of property, plant and equipment		**29,561**	(559)
Property, plant and equipment written off		**397,969**	1,610,004
Interest expense		**273,286**	179,839
Interest income		**(6,984)**	(1,625)
Loss allowance made/(reversed)			
– trade receivables		**96,192**	(19,395)
– unbilled receivables		**1,550,183**	100,656
– retention receivables		**356,814**	57,467
– contract assets		**311,073**	1,451,533
Unrealised exchange difference		**47,196**	2,419
Operating cash flows before working capital changes		**6,527,808**	6,940,738
Working capital changes:			
Trade and other receivables		**(9,398,136)**	(7,010,469)
Contract assets		**2,166,763**	3,269,905
Capitalised contract costs		**(13,999)**	(137,579)
Trade and other payables		**1,001,128**	224,344
Contract liabilities		**1,455,921**	(250,053)
Prepayments		**33,734**	(183,295)
Cash generated from operations		**1,773,219**	2,853,591
Income tax paid		**(2,472)**	(8,550)
Net cash from operating activities		**1,770,747**	2,845,041
Investing activities			
Interest received		**6,984**	1,625
Proceeds from disposal of property, plant and equipment		**2,032,110**	7,460
Purchase of property, plant and equipment	11	**(1,918,515)**	(340,334)
Net cash from/(used in) investing activities		**120,579**	(331,249)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $	2021 $
Financing activities			
Fixed deposits pledged with a financial institution		**(363)**	(1,625)
Repayments of principal portion of lease liabilities	A	**(260,695)**	(306,032)
Repayments of interest portion of lease liabilities	A	**(7,015)**	(5,200)
Proceeds from bank borrowings	A	**248,174**	2,111,728
Repayments of bank borrowings	A	**(4,448,450)**	(4,213,208)
Proceeds from convertible bonds	A	**3,000,000**	–
Payments for issuance of convertible bonds	A	**(159,210)**	–
Proceeds of loan from Director		**500,000**	–
Repayment of loan to Director		**(130,000)**	–
Interest paid		**(192,542)**	(174,639)
Net cash used in financing activities		**(1,450,101)**	(2,588,976)
Net change in cash and cash equivalents		**441,225**	(75,184)
Cash and cash equivalents at beginning of financial year		**756,050**	830,106
Effects of exchange rate changes on cash and cash equivalents		**(306)**	1,128
Cash and cash equivalents at end of financial year	15	**1,196,969**	756,050

Note A: Reconciliation of liabilities arising from financing activities

	1.1.2022 $	Financing cash flows $	Non-cash changes: Foreign exchange differences $	Non-cash changes: Accretion of interest $	Non-cash changes: Allocation to capital reserve on issuance $	Non-cash changes: Additions of property, plant and equipment under lease liabilities $	31.12.2022 $
Lease liabilities	311,683	(267,710)	–	7,015	–	309,569	360,557
Bank borrowings	7,126,365	(4,200,276)	(23,023)	–	–	–	2,903,066
Convertible bonds	–	2,840,790	–	10,092	(39,012)	–	2,811,870

	1.1.2021 $	Financing cash flows $	Non-cash changes: Additions of property, plant and equipment under bank borrowings $	Non-cash changes: Accretion of interest $	Non-cash changes: Additions of property, plant and equipment under lease liabilities $	31.12.2021 $
Lease liabilities	278,142	(311,232)	–	5,200	339,573	311,683
Bank borrowings	4,855,243	(2,101,480)	4,372,602	–	–	7,126,365

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL CORPORATE INFORMATION

Kori Holdings Limited is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 11 Sims Drive, #06-01 SCN Centre, Singapore 387385. The Company's registration number is 201212407R. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

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

The Group's ultimate controlling party is Mr. Hooi Yu Koh.

The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as set out in Note 4 to the financial statements.

Items included in the individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods and the reported amounts of the revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2022

The standards, amendments to standards and interpretations that will apply for the first time by the Group and the Company are not expected to impact the Group and the Company as they are either not relevant to the Group's and the Company's business activities or require accounting which is consistent with the Group's and the Company's current accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards and interpretations that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group, up to the effective date on which that control ceases.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are carried at cost, less any impairment loss, in the Company's statement of financial position.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives on the following bases:

	Years
Leasehold land and building	50
Furniture and fittings	10
Motor vehicles	5
Office equipment	1 to 10
Plant and machinery	5
Office premises/warehouse	2 to 20
Steel beams	15

No depreciation is charged on construction-in-progress as they are not yet ready for their intended use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.6 Financial instruments

The Group and the Company recognise a financial asset or a financial liability in their statements of financial position when and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classify their financial assets as measured at amortised cost. The classification depends on the Group and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group and the Company change their business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade and retention receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group and the Company's financial assets measured at amortised cost comprise trade and other receivables (excluding unbilled receivables and grant receivables), cash and bank balances and fixed deposits pledged in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group and the Company apply the simplified approach to provide for expected credit loss (the "ECLs") for trade receivables, retention receivables, unbilled receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments (including receivables from subsidiaries and other receivables due from third parties). Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Company's historical experience and informed credit assessment that includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider a financial asset such as contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred (i.e. significant financial difficulty of debtor, possible bankruptcy or liquidation of debtor, default of payments, etc.).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Company's procedures for recovery of amounts due.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group and the Company classify ordinary shares as equity instruments.

Financial liabilities

The Group and the Company classify all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables (excluding advance billings to customers, goods and services tax payables and deferred government grant income) are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

Interest-bearing bank loans are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.13).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability, on an amortised cost basis until extinguished upon conversion or at the instruments maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.7 Cash and bank balances

Cash and bank balances comprise of cash on hand, cash and deposits with banks and financial institutions. Cash and bank balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged.

2.8 Revenue recognition

The Group recognises revenue from providing civil/structural engineering and infrastructural construction services such as installation and dismantling services for structural steel works and supply of labour for tunnelling works ("Construction Services") as a sub-contractor for commercial, industrial and public infrastructural construction projects.

Revenue is measured based on the consideration specified in contracts with customers and excludes amount collected on behalf of third parties (i.e. sales related taxes).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Revenue recognition** (Continued)

The Group's Construction Services are segregated into the structural steel works and tunnelling segments which are under long-term contracts with customers. Such contracts are entered before the construction of the commercial, industrial or public infrastructural projects. The Group has assessed that these Construction Services contracts qualify for over time revenue recognition as the customer simultaneously receives and consumes the benefits provided by the Group as the project progresses. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract as approved by management ("input method") and excludes goods or services for which the Group does not transfer control to its customers.

The Group becomes entitled to invoice customers for Construction Services based on acknowledgement of payment certification by the main contractors. The Group submits a progress claim on a monthly basis to the main contractor for assessment of work performed. The Group would have previously recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the payment exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference. The period between the completion of the Construction Services and payment by the customer may exceed one financial year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

Incremental costs of obtaining a construction contract are capitalised if these costs are recoverable. Costs incurred to fulfil a construction contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations and are expected to be recovered. These costs would be amortised over the duration of the construction contract. Other costs are expensed as incurred. Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

Rental income from supply of steel beams are recognised on a time-proportion basis.

Interest income

Interest income is recognised on a time-proportion basis in profit or loss using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as deferred government grants and classified as current assets and current liabilities in the statements of financial position.

When the grant relates to an asset, the fair value is recognised as a deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset.

2.10 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and has no legal and constructive obligation to pay further once the payments are made.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the reporting period.

2.11 Leases

Group as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (Continued)

Group as lessee (Continued)

Initial measurement

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the lease 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 their remaining balance of the liability for each period.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets in "Property, plant and equipment" and lease liabilities separately from other liabilities in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (Continued)

Group as lessee (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets on the following bases:

	Years
Leasehold land	43
Office premises/warehouse	1 to 2
Motor vehicles	3
Office equipment	5 to 9
Machinery	3

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use assets may be impaired. The accounting policy on impairment is as described in Note 2.5 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (Continued)

Group as lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use being adjusted by the same amount.
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the negotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to and account separately for, any services provided by the lessor as part of the contract.

Short-term leases assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as lessor

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised as finance expense.

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

2.13 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.14 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax (Continued)

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Foreign currencies transactions and translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange translation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Foreign currencies transactions and translation (Continued)

On disposal of a foreign operation, the accumulated foreign exchange translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.16 Segment reporting

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.17 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared for payment. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.18 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

Leasing of steel beams

For revenue from contracts with customer under the structural steel works segment, the Group has identified that the supply of steel beams as an operating lease and revenue is measured separately from those of provision of civil/structural engineering and infrastructural construction services ("Construction Services"). This assessment requires the Group to consider whether (i) the fulfilment of the Construction Services is dependent on the use of steel beams; and (ii) the Constructions Services conveys a right to use the steel beams.

Upon considering the above factors, the Group has determined that its supply of steel beams embedded in the revenue from contract with customers for Construction Services constitute a leasing arrangement.

Recoverability of income tax recoverable

During the financial year, the Group received a letter from the tax authority to disregard certain capital allowances included in the revised tax computations pertaining to previous years of assessment due to restatement of financial results in prior years. Accordingly, the management had engaged an independent external tax specialist to review the relevant tax computations and raised an objection to the tax authority. Based on the advice received from the tax specialist, management had determined that the amount of $643,094 recorded as income tax recoverable as at 31 December 2022 remains appropriate under the relevant income tax rule.

Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 in determining whether investments in subsidiaries are impaired. This determination requires significant judgement. The Company evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial performance of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

Expected credit loss allowance

Loss allowance for trade receivables, unbilled receivables, retention receivables and contract assets

As at 31 December 2022, the net carrying amount of Group's trade receivables, unbilled receivables, retention receivables and contract assets were $1,709,373, $29,205,959, $2,208,783 and $4,546,423 (2021: $887,832, $23,515,812, $1,375,398 and $7,024,259) respectively (Note 13 and 14).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Expected credit loss allowance (Continued)

Loss allowance for trade receivables, unbilled receivables, retention receivables and contract assets (Continued)

Expected credit loss ("ECL") model is initially based on the Group's historical observed default rates. At each reporting date, the Group uses the historical default rate, checked the profile of its customers and calibrated the model to adjust historical credit loss rates based on current economic condition, adjusted with forward-looking information on macroeconomic factors affecting the Group's customers. The Group also evaluates ECL rates on credit impaired receivables separately at each reporting period.

Notwithstanding the above, the Group evaluates the expected credit loss on customers with significant increase in credit risk separately since initial recognition. The management has assigned probabilities to each scenario for respective customers based on the risk characteristic.

During the financial year, loss allowance of $2,314,262 (2021: total loss allowance of $1,590,261) was recognised in profit or loss. The Group's credit risk exposure is set out in Note 31.1 to the financial statements.

Loans due from subsidiaries

Management determines whether there is significant increase in credit risk on loans due from subsidiaries since initial recognition. Management reviews the financial performance and results of these subsidiaries. There is no significant increase in credit risk as at 31 December 2022.

Revenue recognition – Estimation of total contract costs

The Group uses the contract costs incurred to-date in proportion to the total estimated contract costs of each contract ("input method") to account for its contract revenue.

Where the outcome of the total contract costs is different from the original estimates, such differences will impact revenue and contract balances in the period in which such estimate has been changed. The carrying amounts of contract balances are disclosed in Note 14 to the financial statements.

Significant assumptions are used to estimate the total contract costs which will affect the revenue recognised in profit or loss. In making these estimates, management has relied on past experiences and expertise of the Group's project specialist.

As at 31 December 2022, the Group's contract assets amounted to $4,546,423 (2021: $7,024,259). If total contract costs of ongoing contracts to be incurred had been higher or lower by 4% (2021: 5%) from management's estimates, the Group's profit would have been lower and higher by approximately $1,322,000 and $1,432,000 (2021: $1,527,000 and $1,688,000) respectively.

Depreciation of steel beams

The costs of steel beams are depreciated on a straight-line basis over their estimate useful economic lives. Management estimates the useful lives of these steel beams to be 15 years.

Changes in the expected level of usage could impact the estimated economic useful lives and the residual values of these assets, therefore estimates of future depreciation charges could be revised if expectations differ from previous estimates. As at 31 December 2022, the Group's carrying amount of steel beams amounted to $32,252,810 (2021: $33,217,414).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of steel beams (Continued)

If expected useful lives of these assets from management's estimate had been higher or lower by 3 years from management's estimates, the Group's profit would have been higher and lower by approximately $341,000 and $812,000 (2021: $553,000 and $923,000) respectively.

During the financial year, the Group adjusted its residual values of its steel beams from $430 per ton to $500 per ton to better reflect the carrying amounts of steel beams. This change in accounting estimate was applied prospectively in the profit or loss and the effect of change resulted in a decrease in depreciation expenses of $360,000 during the financial year.

The change in accounting estimate in residual value will result in increase/decrease in depreciation expense of steel beam in future financial years. The effect is not disclosed as it is impracticable to estimate the future market price of steel beams for future financial years.

4. GOING CONCERN

During the financial year, the Group recorded profit before tax of $1,594,175 and generated positive cash flows from operating activities of $1,770,747. As at 31 December 2022, although the Group had cash and cash equivalents of $1,196,969, the Group had net current assets of $26,653,274 which included unbilled receivables and contract assets of $29,205,959 and $4,546,423 respectively.

Following the recovery from COVID-19, the construction industry continues to face with challenges from various aspects before it can return to normalcy. The challenges include rising costs in labour, materials, accommodation and steel prices which had impacted the project, status and consequentially impacted revenue recognition and collection.

Notwithstanding the above, management has assessed that the use of going concern assumption to prepare the financial statements to be appropriate based on the following factors:

(i) The Group has adequate funds to meet its debt obligations and working capital requirements based on a 15-months projected cash flows for the Group from 1 January 2023;

(ii) The Group has ongoing projects with the remaining total contract value of approximately $160 million. The management estimates that there will be adequate cash inflows generated from these projects in next 15 months; and

(iii) The Group has sufficient unutilised bank facilities which it can draw down for working capital requirement (Note 18).

The Group and the Company actively manages their operating cash flows and availability of funds so as to ensure that its repayment and funding needs are met. Accordingly, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due for the ensuing twelve months.

5. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into the following categories:

	Structural steel works segment		Tunnelling works segment		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**	**$**	**$**
Construction services						
– Over time	**4,793,457**	1,311,010	**1,561,448**	4,528,872	**6,354,905**	5,839,882
Rental of steel beams	**13,139,557**	12,460,592	**–**	–	**13,139,557**	12,460,592
	17,933,014	13,771,602	**1,561,448**	4,528,872	**19,494,462**	18,300,474

All revenues of the Group are generated within Singapore.

6. OTHER INCOME

	Group	
	2022	**2021**
	$	**$**
Interest income		
Financial assets measured at amortised cost		
– Bank deposits	**6,984**	1,625
Other income		
Government grants		
– Job support scheme	**–**	410,145
– Foreign worker levy waiver and rebate	**212,100**	284,570
– Others	**43,508**	22,116
	255,608	716,831
Secondment of workers	**49,103**	37,662
Insurance claims	**75,450**	22,100
Others	**20,398**	46,806
	400,559	823,399

Government grants during the financial year refers to foreign worker levy waiver and rebate announced by the Singapore Government to provide business employers who hire foreign workers and to ease the labour costs of such firms.

In the previous financial year, government grants included Job Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. The scheme had been extended up to 2021 by the Government.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. FINANCE COSTS

	Group	
	2022	**2021**
	$	**$**
Interest expenses:		
– Lease liabilities (Note 17)	**7,015**	5,200
– Bank borrowings	**184,053**	174,639
– Convertible bonds	**53,653**	–
– Loan from Director	**24,725**	–
– Others	**3,840**	–
	273,286	179,839
Less: Interest expense allocated to cost of sales line item	**(2,874)**	(1,940)
	270,412	177,899

8. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(crediting):

	Group	
	2022	**2021**
	$	**$**
Cost of sales		
Accommodation of construction workers	**271,006**	504,971
Amortisation of capitalised contract costs	**208,723**	160,109
Hiring of machinery	**1,326,463**	668,902
Lease expenses on short-term leases	**–**	9,800
Subcontractors charges	**237,287**	287,245
Worksite expenses	**2,421,453**	1,610,758
Administrative and other expenses		
Audit fees		
– auditors of the Company	**80,000**	55,000
– other auditors – network firms	**6,700**	6,474
Non-audit fees – non-audit related services*		
– auditors of the Company	**13,700**	12,500
– other auditors – network firms	**1,800**	1,619
Foreign exchange loss, net	**162,106**	34,211
Hiring of equipment	**30,816**	9,205
Professional fees	**210,678**	235,960
Loss/(Gain) on disposals of plant and equipment	**29,561**	(559)
Property, plant and equipment written-off	**397,969**	1,610,004

* There are no audit-related services fee paid/payable to the auditors of the Company and other auditors.

8. PROFIT BEFORE INCOME TAX (CONTINUED)

Depreciation of property, plant and equipment and right-of-use assets is recognised in the following line items of the Group's profit or loss:

	Group	
	2022	2021
	$	$
Cost of sales	**1,415,986**	1,620,389
Administrative expenses	**253,634**	504,302
	1,669,620	2,124,691

Employee benefits expense is recognised in the following line items of the Group's profit or loss:

	Group	
	2022	2021
	$	$
Cost of sales		
– salaries, wages, bonuses and other short-term benefits	**5,859,696**	6,205,510
– employer's contribution to defined contribution plans	**125,163**	128,120
Administrative expenses		
– salaries, wages, bonuses and other short-term benefits	**1,188,550**	1,243,273
– employer's contribution to defined contribution plans	**126,529**	126,077
	7,299,938	7,702,980

Employee benefits expense includes the remuneration of key management personnel as disclosed in Note 30 to the financial statements.

9. INCOME TAX EXPENSE

	Group	
	2022	2021
	$	$
Current income tax		
– current financial year	**5,863**	2,473
– under provision in prior financial years	**–**	1,773
	5,863	4,246
Deferred tax		
– current financial year	**402,000**	155,000
– over provision in prior financial years	**(169,280)**	(59,771)
	232,720	95,229
Total income tax expense recognised in profit or loss	**238,583**	99,475

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. **INCOME TAX EXPENSE** (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before income tax as a result of the following differences:

	Group	
	2022	**2021**
	$	**$**
Profit before income tax	**1,594,175**	1,275,599
Tax calculated at Singapore statutory income tax rate of 17% (2021: 17%)	**271,010**	216,852
Effects of:		
– Singapore statutory stepped income exemption	**(6,713)**	(3,324)
– Different income tax rate in overseas operations	**(23,619)**	(6,764)
– Expenses not deductible for tax purposes	**72,318**	9,066
– Income not subject to tax	**(2,626)**	(70,239)
– Deferred tax assets not recognised	**53,346**	10,594
– Utilisation of previously unrecognised deferred tax assets	**–**	(105)
– Under provision of current income tax in prior financial years	**–**	1,773
– Over provision of deferred tax liabilities in prior financial years	**(169,280)**	(59,771)
– Others	**44,147**	1,393
	238,583	99,475

Unrecognised deferred tax assets

	Group	
	2022	**2021**
	$	**$**
Balance at beginning of financial year	**61,280**	51,683
Amount not recognised during the financial year	**53,346**	10,594
Utilised during the financial year	**–**	(105)
Currency translation adjustment	**12,873**	(892)
Balance at end of financial year	**127,499**	61,280

Unrecognised deferred tax assets are attributable to:

	Group	
	2022	**2021**
	$	**$**
Unabsorbed capital allowances	**1,250**	10,594
Unutilised tax losses	**124,519**	50,686
Provision for unutilised leaves	**1,730**	–
	127,499	61,280

9. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets (Continued)

Included in unutilised tax losses are the following tax losses of Kori Construction (M) Sdn. Bhd. which are available for offset against future taxable income for a period of 10 years from the year of assessment ("YA") incurred:

		Group	
Year incurred	**Year of expiry**	**2022**	**2021**
		$	**$**
2018	2028	**42,927**	35,732
2019	2029	**–**	376
2020	2030	**–**	14,578
2021	2031	**20,121**	–
2022	2032	**41,530**	–
		104,578	50,686

With effect from 1 January 2022, any unutilised tax losses in Malaysia shall be utilised for a maximum period of 10 consecutive years.

These deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to offset against these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.14 to the financial statements.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

(a) Basic earnings per share

	Group	
	2022	**2021**
The calculation of basic earnings per share is based on the following data:		
Profit attributable to owners of the parent	**$1,355,592**	$1,176,124
Weighted average number of ordinary shares outstanding for basic earnings per share	**99,200,000**	99,200,000
Basic earnings per share	**1.37 cents**	1.19 cents

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

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

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

Diluted earnings per share for attributable to owners of the parent is calculated as follows:

	Group	
	2022	**2021**
	$	**$**
The calculation of diluted earnings per share is based on the following data:		
Profit attributable to owners of the parent	**1,355,592**	1,176,124
Add/(Less):		
Interest expense on convertible bonds	**53,653**	–
Tax effect relating to interest expense on convertible bonds	**(1,716)**	–
Earnings used in diluted earnings per share	**1,407,529**	1,176,124
Weighted average number of ordinary shares outstanding used for basic earnings per share	**99,200,000**	99,200,000
Effect of convertible bonds	**5,496,575**	–
Weighted average number of ordinary shares outstanding used for diluted earnings per share	**104,696,575**	99,200,000
Diluted earnings per share	**1.34 cents**	1.19 cents

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $	Furniture and fittings $	Motor vehicles $	Office equipment $	Plant and machinery $	Office premises/ warehouse $	Steel beams $	Construction in progress $	Total $
Group									
Cost									
Balance at 1 January 2022	1,120,298	83,324	345,433	108,398	587,512	1,043,836	43,395,519	943,824	47,628,144
Additions	–	–	–	–	–	359,569	1,130,974	–	1,490,543
Disposals	(1,029,391)	–	–	–	–	–	(390,106)	(893,091)	(2,312,588)
Written-off	–	(4,045)	(77,751)	(22,325)	–	(630,236)	(767,231)	–	(1,501,588)
Currency translation adjustment	(60,380)	(230)	(855)	(102)	–	–	–	(50,733)	(112,300)
Balance at 31 December 2022	30,527	79,049	266,827	85,971	587,512	773,169	43,369,156	–	45,192,211
Accumulated depreciation									
Balance at 1 January 2022	198,404	68,760	312,453	55,657	579,047	791,195	10,178,105	–	12,183,621
Depreciation charged	3,786	8,042	16,489	8,766	1,844	247,414	1,383,279	–	1,669,620
Disposals	(176,843)	–	–	–	–	–	(74,074)	–	(250,917)
Written-off	–	(2,826)	(77,751)	(21,842)	–	(630,236)	(370,964)	–	(1,103,619)
Currency translation adjustment	(10,742)	(149)	(855)	(55)	–	–	–	–	(11,801)
Balance at 31 December 2022	14,605	73,827	250,336	42,526	580,891	408,373	11,116,346	–	12,486,904
Carrying amount									
Balance at 31 December 2022	15,922	5,222	16,491	43,445	6,621	364,796	32,252,810	–	32,705,307

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and building $	Furniture and fittings $	Motor vehicles $	Office equipment $	Plant and machinery $	Office premises/ warehouse $	Steel beams $	Construction in progress $	Total $
Group									
Cost									
Balance at 1 January 2021	1,140,025	97,646	296,219	146,203	830,437	783,216	37,909,553	960,444	42,163,743
Additions	–	–	49,471	27,113	9,220	263,920	8,138,985	–	8,488,709
Disposals	–	(428)	–	(25,003)	(2,108)	(3,300)	(5,554)	–	(36,393)
Written-off	–	(13,811)	–	(39,446)	(250,000)	–	(2,647,465)	–	(2,950,722)
Currency translation adjustment	(19,727)	(83)	(257)	(469)	(37)	–	–	(16,620)	(37,193)
Balance at 31 December 2021	1,120,298	83,324	345,433	108,398	587,512	1,043,836	43,395,519	943,824	47,628,144
Accumulated depreciation									
Balance at 1 January 2021	179,097	74,762	275,015	110,974	727,037	532,833	9,533,405	–	11,433,123
Depreciation charged	22,449	8,054	37,695	9,623	104,155	259,270	1,683,445	–	2,124,691
Disposals	–	(428)	–	(25,000)	(2,108)	(908)	(1,048)	–	(29,492)
Written-off	–	(13,575)	–	(39,446)	(250,000)	–	(1,037,697)	–	(1,340,718)
Currency translation adjustment	(3,142)	(53)	(257)	(494)	(37)	–	–	–	(3,983)
Balance at 31 December 2021	198,404	68,760	312,453	55,657	579,047	791,195	10,178,105	–	12,183,621
Carrying amount									
Balance at 31 December 2021	921,894	14,564	32,980	52,741	8,465	252,641	33,217,414	943,824	35,444,523

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated statement of cash flows, the additions to property, plant and equipment were financed as follows:

	2022 $	2021 $
Additions during the financial year	**1,490,543**	8,488,709
Additions through lease arrangements	**(309,569)**	(339,573)
Additions through bank borrowings	**–**	(4,372,602)
Additions through trade payables	**(962,296)**	(3,436,200)
Cash payment for additions through trade payables in the prior financial year	**1,699,837**	–
Cash payment to acquire plant and equipment	**1,918,515**	340,334

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed below and disclosures relating to lease arrangements are included under Note 17 to the financial statements.

Right-of-use assets classified within property, plant and equipment

	Leasehold land $	Office premises/ warehouse $	Machinery $	Motor vehicles $	Office equipment $	Total $
Group						
Cost						
Balance at 1 January 2022	**1,087,868**	**894,156**	**310,200**	**127,222**	**54,852**	**2,474,298**
Additions	**–**	**359,569**	**–**	**–**	**–**	**359,569**
Derecognition of right-of-use assets	**(1,029,391)**	**(630,236)**	**(310,200)**	**(77,751)**	**(30,112)**	**(2,077,690)**
Currency translation adjustment	**(58,477)**	**–**	**–**	**–**	**–**	**(58,477)**
Balance at 31 December 2022	**–**	**623,489**	**–**	**49,471**	**24,740**	**697,700**
Accumulated depreciation						
Balance at 1 January 2022	**183,537**	**643,542**	**310,200**	**94,242**	**12,274**	**1,243,795**
Depreciation charged	**3,172**	**247,220**	**–**	**16,489**	**2,474**	**269,355**
Derecognition of right-of-use assets	**(176,843)**	**(630,236)**	**(310,200)**	**(77,751)**	**(11,656)**	**(1,206,686)**
Currency translation adjustment	**(9,866)**	**–**	**–**	**–**	**–**	**(9,866)**
Balance at 31 December 2022	**–**	**260,526**	**–**	**32,980**	**3,092**	**296,598**
Carrying amount						
Balance at 31 December 2022	**–**	**362,963**	**–**	**16,491**	**21,648**	**401,102**

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets classified within property, plant and equipment (Continued)

	Leasehold land $	Office premises/ warehouse $	Machinery $	Motor vehicles $	Office equipment $	Total $
Group						
Cost						
Balance at 1 January 2021	1,107,024	776,091	310,200	121,872	30,112	2,345,299
Additions	–	263,920	–	49,471	24,740	338,131
Derecognition of right-of-use assets	–	(145,855)	–	(44,121)	–	(189,976)
Currency translation adjustment	(19,156)	–	–	–	–	(19,156)
Balance at 31 December 2021	1,087,868	894,156	310,200	127,222	54,852	2,474,298
Accumulated depreciation						
Balance at 1 January 2021	164,628	530,345	206,800	100,668	7,770	1,010,211
Depreciation charged	21,799	259,052	103,400	37,695	4,504	426,450
Derecognition of right-of-use assets	–	(145,855)	–	(44,121)	–	(189,976)
Currency translation adjustment	(2,890)	–	–	–	–	(2,890)
Balance at 31 December 2021	183,537	643,542	310,200	94,242	12,274	1,243,795
Carrying amount						
Balance at 31 December 2021	904,331	250,614	–	32,980	42,578	1,230,503

The Group leases office premises/warehouse, office equipment (i.e. copier machine), machinery (i.e. crawler crane) and motor vehicles with fixed payments over the lease terms.

Included in the above are motor vehicles and office equipment with carrying amounts of $16,489 (2021: $32,980) and $21,648 (2021: $42,578) as at 31 December 2022 respectively which were acquired under hire purchase arrangements. The corresponding lease liabilities with carrying amounts of $17,180 (2021: $33,890) and $19,854 (2021: $25,148) as at 31 December 2022 respectively are disclosed in Note 17 to the financial statements. These assets will be repossessed by the lessor (legal owner) in the event of default in repayment by the Group.

During the financial year, lease liabilities of machinery, office premises/warehouse and motor vehicles with cost of $310,200 (2021: Nil), $630,236 (2021: $145,855) and $77,751 (2021: $44,121) respectively and carrying amount nil were fully settled and derecognised.

12. INVESTMENTS IN SUBSIDIARIES

	Company 2022 $	Company 2021 $
Unquoted equity shares, at cost	**27,069,780**	27,069,780
Allowance for impairment loss	**(1,244,525)**	–
	25,825,255	27,069,780

The details of the subsidiaries are as follows:

Name	Country of business/ incorporation	Principal activities	Proportion of ownership interest held 2022 %	Proportion of ownership interest held 2021 %
Kori Construction (S) Pte. Ltd.[1]	Singapore	Building construction and civil engineering work	**100**	100
Ming Shin Construction (S) Pte. Ltd.[1]	Singapore	Building construction and civil engineering work	**100**	100
Kori Construction (M) Sdn. Bhd.[2]	Malaysia	Contractors for construction works for all kind	**100**	100

Notes:
(1) Audited by BDO LLP, Singapore
(2) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited

Movements in the allowance for impairment loss are as follows:

	Company 2022 $	Company 2021 $
Balance at beginning of financial year	**–**	–
Impairment loss recognised during the financial year	**1,244,525**	–
Balance at end of financial year	**1,244,525**	–

At the end of the reporting period, management carried out an assessment on whether there are indicators of impairment for its investments in subsidiaries.

The recoverable amount of the subsidiary was based on the fair value less costs of disposal ("FVLCD"). The review led to the impairment of cost of investment in this subsidiary in full, and impairment loss of $1,244,525 was recognised by the Company during the financial year.

The FVLCD of the impaired subsidiary was assessed to be its net assets which approximated their fair values. This fair value measurement is categorised as level 3 in the fair value hierarchy based on the inputs used.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Trade receivables				
– Third parties	**1,805,994**	888,261	**–**	–
Loss allowance (Note 31)	**(96,621)**	(429)	**–**	–
	1,709,373	887,832	**–**	–
Unbilled receivables				
– Third parties	**30,856,798**	23,616,468	**–**	–
Loss allowance (Note 31)	**(1,650,839)**	(100,656)	**–**	–
	29,205,959	23,515,812	**–**	–
Retention receivables				
– Third parties	**2,715,171**	1,524,972	**–**	–
Loss allowance (Note 31)	**(506,388)**	(149,574)	**–**	–
	2,208,783	1,375,398	**–**	–
Other receivables				
– Subsidiaries	**–**	–	**4,145,701**	1,143,877
– Third parties	**55,018**	20,609	**–**	–
	55,018	20,609	**4,145,701**	1,143,877
Deposits	**202,314**	186,849	**–**	–
	33,381,447	25,986,500	**4,145,701**	1,143,877

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 days credit terms.

Unbilled receivables comprise rental of steel beams to customers to be billed.

Retention receivables are due for settlement after more than 12 months. They have been classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Other receivables from third parties are unsecured and non-interest bearing and repayable on demand.

The Group's and the Company's exposure to credit and currency risks and loss allowance for trade receivables, unbilled receivables and retention receivables are disclosed in Note 31.1.

The currency profiles of trade and other receivables as at the end of the reporting period were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Singapore dollar	**33,321,534**	25,943,136	**4,128,846**	1,107,838
Ringgit Malaysia	**59,913**	43,364	**16,855**	36,039
	33,381,447	25,986,500	**4,145,701**	1,143,877

14. CONTRACT ASSETS, CONTRACT LIABILITIES AND CAPITALISED CONTRACT COSTS

	Group	
	2022	**2021**
	$	**$**
Contract assets		
Structural steel works	**4,892,758**	5,348,786
Tunnelling works	**1,416,271**	3,127,006
	6,309,029	8,475,792
Loss allowance (Note 31)	**(1,762,606)**	(1,451,533)
	4,546,423	7,024,259
Contract liabilities		
Structural steel works	**5,242,284**	3,786,363
Capitalised contract costs	**266,106**	460,830

a) Significant changes in contract assets and contract liabilities

	Group			
	Contract assets		**Contract liabilities**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Balance at beginning of financial year	**7,024,259**	11,745,697	**3,786,363**	4,036,416
Contract assets reclassified to trade receivables	**(6,831,608)**	(9,824,120)	**–**	–
Excess of revenue recognised over cash (or rights to cash)	**4,664,845**	6,554,215	**–**	–
Revenue recognised that was included in the contract liabilities balance at the beginning of financial year	**–**	–	**(3,183,834)**	(668,458)
Cash received in advance of performance and not recognised as revenue	**–**	–	**4,639,755**	418,405
Loss allowance recognised	**(311,073)**	(1,451,533)	**–**	–
Balance at end of financial year	**4,546,423**	7,024,259	**5,242,284**	3,786,363

Contract assets represents the Group's rights to consideration for work completed and transferred to customer which are conditioned upon future performance. These contract assets arise as the customer is invoiced based on payment certification as stated in Note 2.8 to the financial statements. Contract assets are transferred to trade receivables when the rights become unconditional.

At each reporting date, the Group carried out a review of the recoverable amounts of its contract assets. During the financial year, the Group has recognised a loss allowance on contract assets arising from contracts with customers amounting to $1,762,606 (2021: $1,451,533) (Note 31.1).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. CONTRACT ASSETS, CONTRACT LIABILITIES AND CAPITALISED CONTRACT COSTS (CONTINUED)

a) Significant changes in contract assets and contract liabilities (Continued)

Contract liabilities mainly relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for structural steel works. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract. Contract liabilities are generally utilised within 12 months.

The capitalised contract costs relate to preliminary costs incurred to fulfil a contract and are amortised over the contractual period, which generally ranged from 1 to 5 (2021: 1 to 5) years. This amortisation charged for the financial year had been included in "cost of sales" line item of the consolidated statement of comprehensive income.

b) Remaining performance obligations

Certain construction contracts have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with the performance.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	Group	
	2022	2021
	$	$
Structural steel works		
Within one financial year	**24,351,604**	35,042,038
After one financial year but within five financial years	**135,950,530**	140,031,076
	160,302,134	175,073,114

c) Capitalised contract costs

	Group	
	2022	2021
	$	$
Capitalised contract costs to fulfil contracts		
Balance at beginning of financial year	**460,830**	483,360
Additions	**13,999**	137,579
Amortisation	**(208,723)**	(160,109)
Balance at end of financial year	**266,106**	460,830

Costs to fulfil contracts for the construction relate to costs incurred for labour costs used to fulfil the contracts. These costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

15. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash and bank balances	**691,046**	756,050	**39,088**	9,153
Fixed deposits	**2,572,206**	2,065,920	**–**	–
	3,263,252	2,821,970	**39,088**	9,153

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

	Group	
	2022	2021
	$	$
Cash and bank balances (as above)	**3,263,252**	2,821,970
Less: Fixed deposits pledged (Note 18)	**(2,066,283)**	(2,065,920)
Cash and cash equivalents per consolidated statement of cash flows	**1,196,969**	756,050

Fixed deposits mature on varying periods between 1 to 12 months (2021: 8 to 12 months) from the reporting period. The effective interest rate on the fixed deposits ranged from 0.05% to 2.70% (2021: 0.01% to 1.34%) per annum.

As at 31 December 2022, the fixed deposits of the Group were pledged to banks as security for banking facilities as disclosed in Note 18 to the financial statements.

The currency profiles of cash and bank balances as at the end of the reporting period were as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	**3,228,237**	2,819,693	**39,088**	9,153
Ringgit Malaysia	**35,015**	2,277	**–**	–
	3,263,252	2,821,970	**39,088**	9,153

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Trade payables				
– Third parties	**4,039,361**	5,346,792	**–**	–
– Retention sums	**–**	20,737	**–**	–
	4,039,361	5,367,529	**–**	–
Other payables				
– Third parties	**399,990**	537,765	**111,381**	73,399
– Amount due to a Director	**544,719**	130,000	**–**	–
	944,709	667,765	**111,381**	73,399
Goods and services tax payables, net	**137,780**	63,842	**9,258**	3,339
Advance billings to customers	**2,362,197**	854,174	**–**	–
Accrued operating expenses	**955,474**	911,004	**101,550**	69,651
Interest payable	**43,562**	–	**43,562**	–
	8,483,083	7,864,314	**265,751**	146,389

Trade payables are unsecured, non-interest bearing and are generally on 30 to 90 days credit terms.

Advance billings to customers are for rental of steel beams in respect of future financial periods.

Non-trade payables to third parties and a Director are unsecured, non-interest bearing and repayable on demand.

The currency profiles of trade and other payables as at the end of the reporting period were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Singapore dollar	**6,846,012**	5,616,787	**265,751**	146,389
United States dollar	**1,496,444**	2,007,148	**–**	–
Ringgit Malaysia	**140,627**	240,379	**–**	–
	8,483,083	7,864,314	**265,751**	146,389

17. LEASE LIABILITIES

	Office premises/ warehouse $	Motor vehicles $	Office equipment $	Total $
Group				
Balance at 1 January 2022	**252,645**	**33,890**	**25,148**	**311,683**
Additions	**309,569**	**–**	**–**	**309,569**
Interest expense (Note 7)	**5,609**	**691**	**715**	**7,015**
Lease payments				
– Principal portion	**(238,691)**	**(16,710)**	**(5,294)**	**(260,695)**
– Interest portion	**(5,609)**	**(691)**	**(715)**	**(7,015)**
Balance at 31 December 2022	**323,523**	**17,180**	**19,854**	**360,557**
Balance at 1 January 2021	249,289	21,831	7,022	278,142
Additions	263,920	49,471	26,182	339,573
Interest expense (Note 7)	3,296	1,397	507	5,200
Lease payments				
– Principal portion	(260,564)	(37,412)	(8,056)	(306,032)
– Interest portion	(3,296)	(1,397)	(507)	(5,200)
Balance at 31 December 2021	252,645	33,890	25,148	311,683

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group	
	2022 $	2021 $
Contractual undiscounted cash flows		
– Not later than one financial year	**208,209**	211,709
– Between one and five financial years	**162,125**	107,300
	370,334	319,009
Less: Future finance charges	**(9,777)**	(7,326)
Present value of lease liabilities	**360,557**	311,683
Presented in statement of financial position		
– Current	**202,520**	207,754
– Non-current	**158,037**	103,929
	360,557	311,683

As at 31 December 2022, the weighted average incremental borrowing rate applied was 2.42% (2021: 2.42%).

The Group's lease liabilities of $37,034 (2021: $59,038) are secured by the leased assets (Note 11), which will be repossessed by the lessors (legal owners) in the event of default in repayment by the Group.

Total cash outflow in respect of leases amounted to $267,710 (2021: $321,032) during the current financial year.

The currency profile of lease liabilities as at the end of the reporting period was Singapore dollar.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. BANK BORROWINGS

	Group	
	2022	**2021**
	$	**$**
Current		
Secured		
– Trade facilities	**1,000,000**	4,488,306
Unsecured		
– Bridging loan	**749,914**	735,136
	1,749,914	5,223,442
Non-current		
Unsecured		
– Bridging loan	**1,153,152**	1,902,923
	2,903,066	7,126,365

As at the end of the reporting period, the Group's unutilised banking facilities were as follows:

	Group	
	2022	**2021**
	$	**$**
Facilities unutilised	**7,768,484**	3,900,228

(i) Trade facilities

The Group entered into trade facilities amounting to $6,000,000 on 8 August 2014 which can be drawn down to facilitate and finance a subsidiary's purchases and subcontractors' invoices. As at the end of the reporting period, outstanding borrowings amounted to $1,000,000 (2021: $4,488,306). Fixed advance facility is repayable on demand to the bank and bears interest at 4.25% (2021: 2.66% to 4.75%) per annum which is the bank's prevailing prime rate. Bills receivable purchase which are bills payable in nature, are repayable on demand with maximum tenure of up to 150 days inclusive of suppliers' credit and bears interest of 0.5% over the bank's prevailing prime rate of 4.25% per annum.

The weighted average effective interest rate for trade facilities is 2.78% (2021: 3.66%) per annum.

The trade facilities are secured by a corporate guarantee from the Company and fixed deposits pledged with financial institution (Note 15).

(ii) Bridging loan

The Group entered into a banking facility amounting to $3,000,000 on 4 June 2020 which was drawn down by a subsidiary of the Company. The loan carries an interest at 2% (2021: 2%) per annum. The loan is supported by a corporate guarantee issued by the Company. The facility requires the Group to service a 12-month interest servicing period. After this period, the repayment is to be made via 48 monthly installments comprising monthly principal of $62,500 plus interest from 24 July 2021 to 25 June 2025.

18. BANK BORROWINGS (CONTINUED)

Management estimates that the carrying amounts of the Group's borrowings approximate their fair values as their fair value measurements adjusted using Singapore Overnight Rate Average ("SORA") market rates are not significantly different from their carrying amount. The fair values are within level 2 of the fair value hierarchy.

The currency profiles of bank borrowings as at the end of the reporting period were as follows:

	Group	
	2022	2021
	$	$
Singapore dollar	**2,903,066**	6,012,027
United States dollar	**–**	1,114,338
	2,903,066	7,126,365

19. DEFERRED TAX LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Deferred tax liabilities	**1,001,029**	776,393	**31,000**	–

Movements in deferred tax liabilities are as follows:

	Group	
	2022	2021
	$	$
Balance at beginning of financial year	**776,393**	684,232
Charged to profit or loss (Note 9)	**232,720**	95,229
Currency translation adjustment	**(8,084)**	(3,068)
Balance at end of financial year	**1,001,029**	776,393

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities are mainly attributable to temporary differences arising from accelerated tax depreciation.

	Accelerated tax depreciation $	Right-of-use assets $	Lease liabilities $	Non-credit impaired allowance on receivables $	Others $	Total $
Group						
At 1 January 2021	701,347	66,758	(46,116)	–	(37,757)	684,232
Exchange differences	(3,906)	–	–	–	838	(3,068)
Charge/(Credit) to profit or loss	215,444	(11,309)	(6,919)	(83,850)	(18,137)	95,229
At 1 January 2022	**912,885**	**55,449**	**(53,035)**	**(83,850)**	**(55,056)**	**776,393**
Exchange differences	**(11,672)**	**–**	**–**	**–**	**3,588**	**(8,084)**
Charge/(Credit) to profit or loss	**434,337**	**12,738**	**(8,260)**	**(278,130)**	**72,035**	**232,720**
At 31 December 2022	**1,335,550**	**68,187**	**(61,295)**	**(361,980)**	**20,567**	**1,001,029**

20. CONVERTIBLE BONDS

On 16 September 2022, the Company issued convertible bonds denominated in Singapore dollar with a nominal value of $3,000,000. The convertible bonds carry an interest at 5% per annum. The bonds are due for repayment 5 years from the issue date at their nominal value of $3,000,000 or may be converted into ordinary shares of the Company at the option of the holder at the conversion price of $0.16.

The fair value of the liability component is discounted using a market interest rate of 5.32% (equivalent to a non-convertible bond at the date of issue), and has an effective interest rate of 6.59% after taking into account the related transaction costs. The residual amount, representing the value of the equity conversion component is included in capital reserve, net of deferred income taxes.

The carrying amount of the liability component of the convertible bonds as at 31 December 2022 was derived as follows:

	Group and Company 2022 $
Face value of convertible bonds at issuance	**3,000,000**
Equity conversion component on initial recognition (Note 25)	**(39,012)**
Less: Transaction cost at issuance	**(159,210)**
Liability component on initial recognition	**2,801,778**
Accumulated amortisation of interest expense (Note 7)	**53,653**
Accumulated payments of interest	**(43,561)**
Liability component as at 31 December 2022	**2,811,870**

The equity component of $39,012 has been credited to the equity reserves (Note 25).

21. PROVISIONS

Provision for costs of dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of leased premises to its original conditions as stipulated in the terms and conditions of lease contracts.

During the financial year, the Group had made provision for costs of dismantlement, removal or restoration amounting to $50,000, which represents the estimated costs of dismantlement, removal or restoration of leased premises to its original conditions as stipulated in the terms and conditions of lease contracts.

22. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$	$
Issued and fully-paid	**99,200,000**	99,200,000	**32,290,650**	32,290,650

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

23. MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired under common control that are accounted for by applying the "pooling-of-interest" method.

24. FOREIGN CURRENCY TRANSLATION (ACCOUNT)/RESERVE

Foreign currency translation (account)/reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

25. CAPITAL RESERVE

The capital reserve represents the equity component of convertible bonds (Note 20).

26. ACCUMULATED LOSSES

	Company	
	2022	2021
	$	$
Accumulated losses	**(5,433,545)**	(4,216,045)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. ACCUMULATED LOSSES (CONTINUED)

Movement of accumulated losses of the Company is as follows:

	Company	
	2022	**2021**
	$	**$**
Balance at beginning of financial year	**(4,216,045)**	(4,246,846)
Total comprehensive income for the financial year	**(1,217,500)**	30,801
Balance at end of financial year	**(5,433,545)**	(4,216,045)

27. DIVIDENDS

The Directors of the Company did not recommend any tax-exempt dividend to be paid in respect of the current financial year.

28. COMMITMENTS AND CONTINGENT LIABILITIES

28.1 Lease commitment (in the capacity of lessor)

The Group as a lessor

The Group has entered into operating leases on its steel beams. These non-cancellable leases have remaining lease terms of between one and six years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

As at the end of the reporting period, future minimum rentals receivable under non-cancellable operation leases at the end of the reporting period were as follows:

	Group	
	2022	**2021**
	$	**$**
Within one financial year	**12,876,729**	17,105,279
After one year but within five financial years	**44,828,654**	55,748,929
	57,705,383	72,854,208

28. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

28.2 Contingent liabilities

Corporate guarantees

As at 31 December 2022, the Company had given guarantees amounting to $2,903,066 (2021: $7,126,365) to certain banks in respect of banking facilities granted to a subsidiary. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the subsidiary to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings.

The Company has considered the fair values of potential liability arising from the corporate guarantees extended to the banks for the financing facilities granted to the subsidiary ("borrowing subsidiary") is insignificant. The subsidiary is in a favourable net equity position and profitable, with no history of default in the repayment of such financing facilities.

29. SEGMENT INFORMATION

Management has determined the operating segments that are used to make strategic decisions.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore and Malaysia.

The Group has two reportable segments being structural steel works and tunnelling works.

The structural steel segment provides services to design, purchase and fabricate reusable steel struts and steel beams for temporary strutting works in earth retaining or stabilising structures for excavation works and rental of steel beams.

The tunnelling segment supplies skilled personnel with the required technical expertise to provide macro-tunnelling works.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses which are not directly attributable to a particular reportable segment above as they are not separately reported to the chief operating decision maker.

	Structural steel $	Tunnelling $	Unallocated $	Total $
2022				
External revenue	**17,933,014**	**1,561,448**	**–**	**19,494,462**
Depreciation of property, plant and equipment	**(1,273,053)**	**–**	**(396,567)**	**(1,669,620)**
Loss allowance made				
– trade receivables	**(79,426)**	**(16,766)**	**–**	**(96,192)**
– unbilled receivables	**(1,550,183)**	**–**	**–**	**(1,550,183)**
– retention receivables	**(343,828)**	**(12,986)**	**–**	**(356,814)**
– contract assets	**(273,196)**	**(37,877)**	**–**	**(311,073)**
Property, plant and equipment written off	**(396,266)**	**–**	**(1,703)**	**(397,969)**
Segment profit/(loss)	**5,309,059**	**(1,201,553)**	**(2,249,903)**	**1,857,603**
Interest income				**6,984**
Interest expenses				**(270,412)**
Income tax expense				**(238,583)**
Profit for the financial year				**1,355,592**
Reportable segment assets	**67,928,106**	**2,261,349**	**4,852,790**	**75,042,245**
Included in the segment assets:				
Additions to property, plant and equipment	**1,130,974**	**–**	**359,569**	**1,490,543**
Reportable segment liabilities	**9,500,249**	**–**	**10,350,611**	**19,850,860**
Current income tax payables				**5,863**
Deferred tax liabilities				**1,001,029**
Total Group's liabilities				**20,857,752**

29. SEGMENT INFORMATION (CONTINUED)

	Structural steel $	Tunnelling $	Unallocated $	Total $
2021				
External revenue	13,771,602	4,528,872	–	18,300,474
Depreciation of property, plant and equipment	(1,620,389)	–	(504,302)	(2,124,691)
Loss allowance reversed/(made)				
– trade receivables	19,395	–	–	19,395
– unbilled receivables	(100,656)	–	–	(100,656)
– retention receivables	(57,467)	–	–	(57,467)
– contract assets	(1,408,125)	(43,408)	–	(1,451,533)
Property, plant and equipment written off	(1,610,004)	–	–	(1,610,004)
Segment profit/(loss)	2,299,225	1,887,429	(2,734,781)	1,451,873
Interest income				1,625
Interest expenses				(177,899)
Income tax expense				(99,475)
Profit for the financial year				1,176,124
Reportable segment assets	62,729,842	3,751,616	6,170,068	72,651,526
Included in the segment assets:				
Additions to property, plant and equipment	8,138,985	–	349,724	8,488,709
Reportable segment liabilities	8,154,965	–	10,933,760	19,088,725
Current income tax payables				2,473
Deferred tax liabilities				776,393
Total Group's liabilities				19,867,591

Geographical information

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

- Singapore – the operations are headquartered and operates in Singapore. The operations in this area are principally building constructions and civil engineering works and investment holding.

- Malaysia – the operations in this area are principally contracting for all kinds of construction works.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

Revenue from external customers

	Singapore $	Malaysia $	Group $
2022			
Revenue from external customers	**19,494,462**	**–**	**19,494,462**
2021			
Revenue from external customers	18,300,474	–	18,300,474

Location of non-current assets

	Singapore $	Malaysia $	Group $
2022			
Non-current assets	**32,689,264**	**16,043**	**32,705,307**
2021			
Non-current assets	33,576,464	1,868,059	35,444,523

Non-current assets are property, plant and equipment which includes right-of-use assets as presented in the statement of financial position of the Group.

Major customers

The revenues from 5 customers (2021: 4 customers) of the Group's structural steel and tunnelling segment and the details of customers which individually contributed 10 percent or more of the Group's revenue during the financial year were as follows:

	Group			
	Structural steel		Tunnelling	
	2022 $	2021 $	2022 $	2021 $
Customer A	**6,427,527**	6,695,985	**–**	–
Customer B	**–**	–	**1,564,012**	4,528,873
Customer C	**2,692,587**	3,469,847	**–**	–
Customer D	**3,552,800**	1,882,570	**–**	–
Customer E	**2,692,548**	–	**–**	–
	15,365,462	12,048,402	**1,564,012**	4,528,873

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and the Company with their related parties during the financial year on terms agreed between the parties:

	Group	
	2022	2021
	$	$
With Director		
Loan from a Director	**500,000**	130,000

	Company	
	2022	2021
	$	$
With subsidiaries		
Management and admin fees charged to a subsidiary	**474,186**	375,032
Repayment from a subsidiary	**455,555**	218,514
Expenses paid on behalf by a subsidiary	–	178,174

	Group and Company	
	2022	2021
	$	$
Balance with company in which director has significant influence		
Convertible bonds	**1,874,500**	–

At the end of the reporting period, the outstanding balances in respect of the above transactions are disclosed in Note 13 to the financial statements.

Compensation of key management personnel

Key management personnel are Directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel (Continued)

The remuneration of key management personnel of the Group and the Company during the financial year was as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Salaries and other short-term benefits (other than fees)	**1,042,407**	1,186,014	**–**	–
Employer's contribution to defined contribution plans	**97,279**	80,854	**–**	–
Directors' fees	**131,000**	131,000	**131,000**	131,000
Other benefits	**38,400**	38,400	**–**	–
	1,309,086	1,436,268	**131,000**	131,000

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's managements then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure these risks.

31.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group is mainly exposed to credit risk from credit sales. The Group and Company place their cash and cash equivalents with creditworthy institutions. The Group has adopted policies and procedures in extending credit terms to customers and in monitoring credit risk. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's and Company's total credit exposure.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that financial instruments presented in the respective statements of financial position, except for the financial guarantee issued by the Company to financial institutions for loans provided to subsidiaries.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Credit risk (Continued)

Trade receivables, unbilled receivables, retention receivables and contract assets

The Group applies the simplified approach, using a provision matrix, to measure the expected credit losses for trade receivables, unbilled receivables, retention receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables, unbilled receivables, retention receivables and contract assets are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical observed default rates. The Group uses the historical default rate, checked the profile of its customers and calibrates the model to adjust historical credit loss rates based on current economic condition, adjusted with forward-looking information on macroeconomic factors affecting the Group's customers.

As at the end of the reporting period, the Group and the Company did not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except the Group has outstanding from 4 (2021: 3) counterparties which represent 88% (2021: 79%) of total trade receivables, unbilled receivables, retention receivables and contracts assets.

As at the reporting date, the lifetime expected loss allowance for the Group's trade receivables, unbilled receivables, retention receivables and contract assets were as follows:

	Group			
	Gross carrying amount $	Non-credit impaired $	Credit Impaired $	Carrying amount $
31 December 2022				
Trade receivables				
Not past due	**1,743,862**	**(93,297)**	**–**	**1,650,565**
Past due but not impaired				
– less than 1 month	**40,652**	**(2,175)**	**–**	**38,477**
– 1 to 3 months	**21,480**	**(1,149)**	**–**	**20,331**
	1,805,994	**(96,621)**	**–**	**1,709,373**
Unbilled receivables	**30,856,798**	**(1,650,839)**	**–**	**29,205,959**
Retention receivables	**2,715,171**	**(124,849)**	**(381,539)**	**2,208,783**
Contract assets	**6,309,029**	**(256,982)**	**(1,505,624)**	**4,546,423**
31 December 2021				
Trade receivables				
Not past due	884,002	(427)	–	883,575
Past due but not impaired				
– less than 1 month	218	–	–	218
– 1 to 3 months	160	–	–	160
– 3 to 6 months	595	–	–	595
– over 6 months	3,286	(2)	–	3,284
	888,261	(429)	–	887,832
Unbilled receivables	23,616,468	(100,656)	–	23,515,812
Retention receivables	1,524,972	(80,252)	(69,322)	1,375,398
Contract assets	8,475,792	(423,855)	(1,027,678)	7,024,259

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Credit risk (Continued)

Trade receivables, unbilled receivables, retention receivables and contract assets (Continued)

Movements in the loss allowance on trade receivables, unbilled receivables, retention receivables and contract assets are as follows:

		Group	
	Non-credit impaired	Credit impaired	Total
	$	$	$
31 December 2022			
Balance at beginning of financial year	**605,192**	**1,097,000**	**1,702,192**
Loss allowance recognised during the financial year	**1,524,099**	**790,163**	**2,314,262**
Balance at end of financial year	**2,129,291**	**1,887,163**	**4,016,454**
31 December 2021			
Balance at beginning of financial year	111,931	1,320,585	1,432,516
Reversal of loss allowance	(56,831)	–	(56,831)
Receivable written off as uncollectible	–	(1,320,585)	(1,320,585)
Loss allowance recognised during the financial year	550,092	1,097,000	1,647,092
Balance at end of financial year	605,192	1,097,000	1,702,192

Trade receivables, unbilled receivables, retention receivables and contract assets are written off when there is no reasonable expectation of recovery such as debtor is under liquidation. When receivables were written off, the Group continues to engage in enforcement activity in order to recover the receivables due. If the receivables are subsequently recovered, such recovery is recognised in profit or loss as "other income".

In the previous financial year, trade receivables and retention receivables of $727,742 and $592,843 were written off respectively as the debtor had entered into bankruptcy proceedings during the financial year.

Credit-impaired balances during the financial year was mainly contributed by a customer where the Group had difficulty in recovering the amounts which were overdue way beyond the credit term granted.

Other receivables including amount due from subsidiaries

For amounts due from subsidiaries, management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on whether there is any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by reviewing their financial performance and results. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries are subject to immaterial credit loss.

For other receivables, the management adopts a policy of dealing with high credit quality counterparties. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on these other receivables. As at 31 December 2022, there is no indication that credit risk on these receivables have increased significantly hence, these receivables are measured at 12-month expected credit loss model and subject to immaterial credit loss.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Credit risk (Continued)

Financial guarantee contracts

In addition, the Company are exposed to credit risk in relation to financial guarantees given to banks on subsidiaries' borrowings. The Company's maximum exposure is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 December 2022, subsidiaries borrowings of approximately $$2,903,066 (2021: $7,126,365) was guaranteed by the Company. For the financial guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

Cash and bank balances

The cash and bank balances as at the end of the reporting period were held with the financial institutions with the following credit ratings:

	Group			Company	
	Rating	Bank balance $	Short-term deposits $	Rating	Bank balance $
31 December 2022					
International banks	**AA/A**	**654,366**	**2,572,206**	**AA/A**	**39,078**
International banks	**BAA/BBB**	**35,015**	**–**		**–**
		689,381	**2,572,206**		**39,078**
31 December 2021					
International banks	AA/A	753,773	2,065,920	AA/A	9,143
International banks	BAA/BBB	2,277	–		–
		756,050	2,065,920		9,143

The credit ratings above are derived from Moody's ratings. Management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any credit losses from non-performance by the counterparties.

31.2 Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk) and interest rates (interest rate risk).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Market risk (Continued)

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar.

It is not the Group's policy to take speculative positions in foreign currency.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the Group were as follows:

	Assets		Liabilities	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
United States dollar	**–**	–	**1,496,444**	3,121,486

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

The Company's exposure to foreign currency risk is insignificant as the business is operated in Singapore and transactions are mainly denominated in Singapore dollar, which is the functional currency of the Company.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 6% (2021: 3%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 6% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 6% (2021: 3%) change in foreign currency rates.

If the relevant foreign currency strengthens or weakens by 6% against the functional currency of each group entity, profit or loss will (decrease)/increase by:

	Profit or loss	
	2022	**2021**
	$	**$**
Group		
United States dollar		
Strengthens against functional currencies*	**(89,787)**	(93,645)
Weakens against functional currencies*	**89,787**	93,645

* Primary functional currency – Singapore dollar

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Market risk (Continued)

(ii) Interest rate risk management

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to trade facilities as shown in Note 18 to the financial statements. The interest rate applied and implicit in bridging loan and convertible bonds are fixed on the date of inception. Hence, the management is of the view that the variations in interest rate will not have an impact on the results of the Group.

The Group's and the Company's financial performance are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's and the Company's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group and the Company.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 (2021: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 100 (2021: 100) basis points higher or lower and all other variables were held constant, the Group's profit for the financial year ended 31 December 2022 would decrease/increase by $10,000 (2021: decrease/increase by $44,883). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company's profit or loss and equity are not significantly affected by the changes in interest rates as the Company has no significant variable interest-bearing financial instruments.

31.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirement. At 31 December 2022, the Group has available undrawn committed borrowing facilities of $7,768,484 (2021: $3,900,228) in respect of which all conditions precedent had been met.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.3 Liquidity risk (Continued)

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year $	After one financial year but within five financial years $	Total $
Group			
31 December 2022			
Non-interest bearing			
– Trade and other payables[(1)]	**5,983,106**	**–**	**5,983,106**
Interest bearing			
– Bank borrowings	**1,823,293**	**1,156,254**	**2,979,547**
– Lease liabilities	**208,209**	**162,125**	**370,334**
– Convertible bonds	**150,000**	**3,600,000**	**3,750,000**
	8,164,608	**4,918,379**	**13,082,987**
31 December 2021			
Non-interest bearing			
– Trade and other payables[(1)]	6,946,298	–	6,946,298
Interest bearing			
– Bank borrowings	5,398,447	1,937,047	7,335,494
– Lease liabilities	211,709	107,300	319,009
	12,556,454	2,044,347	14,600,801
Company			
31 December 2022			
Non-interest bearing			
– Trade and other payables[(1)]	**256,493**	**–**	**256,493**
Interest Bearing			
– Convertible bonds	**150,000**	**3,600,000**	**3,750,000**
	406,493	**3,600,000**	**4,006,493**
Financial corporate guarantee	**2,903,066**	**–**	**2,903,066**
31 December 2021			
Non-interest bearing			
– Trade and other payables[(1)]	143,050	–	143,050
Financial corporate guarantee	7,126,365	–	7,126,365

(1) Excludes goods and services tax and advance billings to customers.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees could be called upon in the contracted maturity analysis. The corporate guarantees were provided to banks for subsidiary's banking facilities utilised as at the end of financial year. The Company has assessed that the subsidiary has sufficient financial capabilities to meet its contracted cash flows obligation in the near future and hence the Company does not expect any liabilities to arise from the guarantee.

The Group's operations are financed mainly through equity, bank borrowings and lease arrangements. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

31.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern, to maintain an optimal capital structure so as to maximise shareholders' value and to ensure that all externally imposed capital requirements are complied with.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2021.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities, convertible bonds and bank borrowings less cash and bank balances. Equity attributable to owners of the parent consists of share capital, foreign currency translation reserve, merger reserve and retained earnings.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.4 Capital management policies and objectives (Continued)

The Group is in compliance with all borrowings covenants, including debt service ratio and gross debts to earnings before interest, tax, depreciation and amortisation ratio imposed by the financial institutions for the financial years ended 31 December 2022 and 2021.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Trade and other payables	**8,483,083**	7,864,314	**256,493**	146,389
Lease liabilities	**360,557**	311,683	**–**	–
Bank borrowings	**2,903,066**	7,126,365	**–**	–
Convertible bonds	**2,811,870**	–	**2,811,870**	–
Less:				
Cash and bank balances	**(691,046)**	(756,050)	**(39,088)**	(9,153)
Fixed deposits	**(2,572,206)**	(2,065,920)	**–**	–
Net debt	**11,295,324**	12,480,392	**3,029,275**	137,236
Equity attributable to owners of the parent	**54,184,493**	52,783,935	**26,896,117**	28,074,605
Total capital	**65,479,817**	65,264,327	**29,925,392**	28,211,841
Gearing ratio (%)	**17**	19	**10**	*

* Less than 1%

31.5 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relative short-term maturity of these financial instruments. The fair value of the non-current borrowings is disclosed in Note 18 to the financial statements.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.5 Fair value of financial assets and financial liabilities (Continued)

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Financial assets, at amortised cost				
Trade and other receivables[1]	**4,175,488**	2,470,688	**4,145,701**	1,143,877
Cash and bank balances	**691,046**	756,050	**39,088**	9,153
Fixed deposits	**2,572,206**	2,065,920	**–**	–
	7,438,740	5,292,658	**4,184,789**	1,153,030
Financial liabilities, at amortised cost				
Trade and other payables[2]	**5,983,106**	6,946,298	**256,493**	143,050
Bank borrowings	**2,903,066**	7,126,365	**–**	–
Lease liabilities	**360,557**	311,683	**–**	–
Convertible bonds	**2,811,870**	–	**2,811,870**	–
	12,058,599	14,384,346	**3,068,363**	143,050

(1) Excludes unbilled receivables.
(2) Excludes goods and services tax and advance billings to customers.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors' resolution dated 6 April 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

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

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	12	10.17	4,000	0.00
1,001 – 10,000	28	23.73	164,200	0.17
10,001 – 1,000,000	64	54.24	7,615,600	7.68
1,000,001 and above	14	11.86	91,416,200	92.15
Total	118	100.00	99,200,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

	Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%	Total Interest	%
1	Hooi Yu Koh	18,939,100	19.09	14,924,000[(1)]	15.04	33,863,100	34.13
2	Keong Hong Holdings Limited	15,000,000	15.12	–	–	15,000,000	15.12
3	Foo Tiang Ann	18,000	0.02	10,854,500[(2)]	10.94	10,872,500	10.96
4	Kori Nobuaki	6,592,000	6.65	–	–	6,592,000	6.65

Notes:

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

(2) The deemed interest in shares are held as follows:– (i) 1,150,300 shares are through Hong Leong Finance Nominees Pte Ltd; (ii) 3,115,800 shares are through Philip Securities Singapore Pte Ltd; (iii) 1,730,000 shares are through CGS-CIMB Securities (Singapore) Pte Ltd; and (iv) 4,858,400 shares are through KGI Securities (Singapore) Pte. Ltd.

SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 31 March 2023, approximately 33.13% of the issued shares of the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules has been complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS AS AT 31 MARCH 2023

No.	Name	No. of Shares	%
1	HOOI YU KOH	18,939,100	19.09
2	KEONG HONG HOLDINGS LIMITED	15,000,000	15.12
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	14,924,000	15.04
4	PHILLIP SECURITIES PTE LTD	7,125,200	7.18
5	UOB KAY HIAN PTE LTD	6,661,800	6.72
6	KORI NOBUAKI	6,592,000	6.65
7	HONG LEONG FINANCE NOMINEES PTE LTD	6,507,000	6.56
8	KGI SECURITIES (SINGAPORE) PTE LTD	5,321,600	5.36
9	TAN TIN NAM	2,442,000	2.46
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,150,400	2.17
11	LAU ENG TIONG	1,843,900	1.86
12	SIA LING SING	1,472,000	1.48
13	TAN SUAN DAO	1,390,700	1.40
14	DBS NOMINEES PTE LTD	1,046,500	1.05
15	OW YEOW BUNG	889,000	0.90
16	TAN LEE CHING (CHEN LIZHEN)	615,000	0.62
17	LIM VOON NNA @ LIM BOON NAA	495,000	0.50
18	TEOU KEM ENG @ TEOU KIM ENG	400,000	0.40
19	TAN LEE WAH	350,000	0.35
20	LEO TING PING RONALD	300,000	0.30
	Total:	**94,465,200**	**95.21**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Kori Holdings Limited (the "**Company**") will be held by way of electronic means on 28 April 2023 at 10.30 a.m. for the purposes set out below.

This Notice has been made available on SGXNET and the Company's Website at URL http://www.kori.com.sg. A printed copy of this Notice will NOT be sent to members.

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 and the Directors' Statement together with the Auditors' Report.

(Resolution 1)

2. To re-elect Mr. Hooi Yu Koh, who is retiring pursuant to Regulation 117 of the Company's Constitution, and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(a)]

(Resolution 2)

3. To re-elect Mr. Kuan Cheng Tuck, who is retiring pursuant to Regulation 117 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(b)]

(Resolution 3)

4. To re-elect Mr. Xu Quanqiang, who is retiring pursuant to Regulation 122 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(c)]

(Resolution 4)

5. To approve the payment of Directors' fees of up to S$145,000 for the financial year ending 31 December 2023, payable quarterly in arrears [FY2022: S$145,000.00].

(Resolution 5)

6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 6)

7. To transact any other ordinary business which may be properly transacted at an annual general meeting.

As Special Business

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

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

THAT pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(I) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (2)]

(Resolution 7)

By Order of the Board

Hooi Yu Koh
Executive Chairman and Chief Executive Officer
Singapore
13 April 2023

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(1) (a) Mr. Hooi Yu Koh will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. There are no relationships including immediate family relationships between Mr. Hooi Yu Koh and the other Directors, the Company or its 5% shareholders. Detailed information on Mr. Hooi Yu Koh can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(b) Mr. Kuan Cheng Tuck will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. There are no relationships including immediate family relationships between Mr. Kuan Cheng Tuck and the other Directors, the Company or its 5% shareholders. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr. Kuan Cheng Tuck can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(c) Mr. Xu Quanqiang will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Director. There are no relationships including immediate family relationships between Mr. Xu Quanqiang and the other Directors and the Company. Mr. Xu Quanqiang is a director of LJHB Capital (S) Pte. Ltd, who is the controlling shareholder of Keong Hong Holdings Limited which is a controlling shareholder of the Company. Detailed information on Mr. Xu Quanqiang can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(2) The proposed Resolution 7 in item 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and/or convertible securities in the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution 7, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under this Resolution 7 would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution 7. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution 7.

Additional Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".

2. Members **will not** be able to attend the AGM in person. Alternative arrangements have been put in place to allow shareholders to participate at the AGM by:

   (a) observing the proceedings of the AGM via a "live" webcast or listening to these proceedings through a "live" audio feed;

   (b) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;

   (c) submitting text-based questions during the "live" webcast of the AGM;

   (d) appointing a proxy or proxies to attend and vote on their behalf at the AGM; and

   (e) participating in the live voting during the "live" webcast of the AGM.

3. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.30 a.m. on 22 April 2023, at https://conveneagm.com/sg/kori2023. Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder. Shareholders should use the log-on credential created during the registration process to access the webcast and audio feed of the proceedings of the AGM by 10.30 a.m. on 27 April 2023. Members who do not receive an email by 10.30 a.m. on 27 April 2023 should contact the Company, by email at admin@kori.com.sg.

   Persons holding shares through relevant intermediaries, including SRS investors, who wish to participate in the AGM via webcast should contact their relevant intermediaries (e.g. their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. The relevant intermediaries are required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport Number), via email to the Company at admin@kori.com.sg by 10.30 a.m. on 22 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

4. Members who have registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the Meeting during the Meeting by submitting text-based questions (real time) by clicking the "Ask a Question" feature and then clicking "Type your Question" to input queries in the questions text box. The Company will endeavour to respond to such queries during the Meeting as far as reasonably practicable.

   Members are also encouraged to submit questions relating to the resolution to be tabled for approval at the Meeting in advance of the Meeting. To do so, all questions must be submitted by by 10.30 a.m. on 21 April 2023 ("**Questions Cut-Off Date**") via the pre-registration website at https://conveneagm.com/sg/kori2023. The Company will address substantial questions relevant to the resolutions to be tabled for approval at the AGM, as received from Shareholders before the Questions Cut-Off Date, on or prior to 23 April 2023, 10.30 a.m. (being not less than forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms). After the cut-off time for the submission of questions, any subsequent clarifications sought or follow-up questions will be addressed at the Meeting. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company's website.

5. A member will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it may cast his/her/its votes remotely in real time via the "live" webcast.

   As an alternative to the aforesaid real-time electronic voting, members may appoint a proxy or proxies to vote on his/her/its behalf at the Meeting. The proxy or proxies may cast his/her/its votes remotely in real time via the "live" webcast.

   A member entitled to attend and vote at the AGM (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967) is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

   A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such member appoints more than two (2) proxies, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

   Members may also vote at the AGM by appointing the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the Meeting. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

   In addition, CPF/SRS investors who have used their CPF/SRS monies to buy Shares in the Company:

   a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have questions regarding their appointment as proxies; or

   b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks/SRS Operators no later than 10.30 a.m. on 18 April 2023 (being seven (7) working days before the AGM).

   The proxy form for the Meeting is made available with this Notice of AGM on SGXNET at the URL https://www.sgx.com/securities/company-announcements on the same day and can be accessed at the Company's website at http://www.kori.com.sg.

6. A proxy need not be a member of the Company. The Chairman of the AGM, if appointed as a proxy, need not be a member of the Company.

7. The instrument appointing a proxy or proxies must:

   (a) if sent personally or by post, be received at Kori Holdings Limited c/o Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted by email, be received by Kori Holdings Limited c/o Tricor Barbinder Share Registration Services, by email at sg.is.proxy@sg.tricorglobal.com.

   In either case no later than 10.30 a.m. on 25 April 2023 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof), and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members of the Company are encouraged to submit completed proxy forms electronically via email.

NOTICE OF **ANNUAL GENERAL MEETING**

8. The Annual Report for the financial year ended 31 December 2022 have been made available on SGXNET and may be accessed at the Company's website at http://www.kori.com.sg.

9. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing.

   Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

   Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

11. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By (a) submitting an instrument appointing a proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing a proxy for the AGM (including any adjournment thereof);

(ii) processing of the pre-registration for purposes of granting access to members to the "live" webcast or "live" audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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

This form of proxy has been made available on SGXNET and the Company's website and may be accessed at the URL http://www.kori.com.sg. A printed copy of this form of proxy will NOT be despatched to members.

PROXY FORM – ANNUAL GENERAL MEETING

Important:

1. Members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.30 a.m. on 22 April 2023, at https://conveneagm.com/sg/kori2023. Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder. Shareholders should use the log-on credential created during the registration process to access the webcast and audio feed of the proceedings of the AGM by 10.30 a.m. on 27 April 2023. Members who do not receive an email by 10.30 a.m. on 27 April 2023 should contact the Company, by email at admin@kori.com.sg.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors are to approach their respective SRS Operators to submit their votes not later than 10.00 a.m., 18 April 2023 being at least seven (7) working days before the time appointed for the holding of the AGM.
3. By submitting an instrument appointing a proxy or proxies to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2023.

I/We, ______________________ (name) of ______________________ (address)
being a *member/members of KORI HOLDINGS LIMITED (the "**Company**"), hereby appoint

NAME	ADDRESS	NRIC or Passport No.	Email Address**	Proportion of Shareholdings	
				No. of Shares	%

*and/or

NAME	ADDRESS	NRIC or Passport No.	Email Address**	Proportion of Shareholdings	
				No. of Shares	%

*or, failing which, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Friday, 28 April 2023 at 10.30 a.m. and at any adjournment thereof. *I/We direct my/our proxy/proxies to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

All resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the Resolution, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" each resolution in the boxes provided as appropriate. If you mark an "X" in the "Abstain" box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution.

Ordinary Resolutions	ORDINARY BUSINESS	For	Against	Abstain
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 and the Directors' Statement together with the Auditor's Report			
Resolution 2	To re-elect Mr. Hooi Yu Koh as a Director of the Company			
Resolution 3	To re-elect Mr. Kuan Cheng Tuck as a Director of the Company			
Resolution 4	To re-elect Mr. Xu Quanqiang as a Director of the Company			
Resolution 5	To approve the payment of Directors' Fees of S$145,000 for the financial year ending 31 December 2023, payable quarterly in arrears			
Resolution 6	To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS	**For**	**Against**	**Abstain**
Resolution 7	To approve the authority to allot and issue shares			

Date this ______ day of ______________ 2023

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

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

* Delete as appropriate
** Required for registration purposes. The Confirmation Email will be sent to the email addresses disclosed herein.

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. Members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.30 a.m. on 22 April 2023, at https://conveneagm.com/sg/kori2023. Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder. Shareholders should use the log-on credential created during the registration process to access the webcast and audio feed of the proceedings of the AGM by 10.30 a.m. on 28 April 2023. Members who do not receive an email by 10.30 a.m. on 27 April 2023 should contact the Company, by email at admin@kori.com.sg.

   Persons holding shares through relevant intermediaries, including SRS investors, who wish to participate in the AGM via webcast should contact their relevant intermediaries (e.g. their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM by 10.30 a.m., 22 April 2023.

3. A proxy need not be a member of the Company. The Chairman of the AGM, if appointed as proxy, need not be a member of the Company.

4. This proxy form appointing a proxy or proxies must:

   (a) if sent personally or by post, be received at Kori Holdings Limited c/o Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted by email, be received by Kori Holdings Limited c/o Tricor Barbinder Share Registration Services, by email at sg.is.proxy@sg.tricorglobal.com,

   In either case no later than 10.30 a.m. on 25 April 2023, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   SRS Investors are to approach their respective SRS Operators to submit their votes not later than 10.30 a.m., 18 April 2023, being at least seven (7) working days before the time appointed for the holding of the AGM.

   Members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

6. CPF Investors and/or SRS investors: (a) may vote live via electronic means at the AGM, or pre-cast their votes via the URL in the Confirmation Email if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their voting instructions by 10.30 a.m. on 18 April 2023, being seven (7) working days before the AGM.

7. Completion and return of the Proxy Form shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the live AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the live AGM.

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

KORI HOLDINGS LIMITED

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