



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Kori Holdings Limited

Stock code: 5VC

Meeting details:

Date: 29 June 2020

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the corporate profile, the group is principally engaged in providing civil/structural engineering and infrastructural construction services as a sub-contractor for commercial, industrial and public infrastructural construction projects. The group's businesses can be categorised into two main segments, namely, structural steelworks services and tunneling services.

In the chairman's statement, it was disclosed that revenue from the steelworks segment (provision of construction services and leasing of steel beams) fell by 34% to \$17.3 million in FY2019 due to the reduction in the work done during FY2019. Revenue from the Tunnelling Segment decreased by more than half due to lower activities in FY2019.

The group's revenue in the past 5 years is shown below:

- 2015: \$50.99 million
- 2016: \$60.43 million
- 2017: \$31.64 million (restated)
- 2018: \$26.13 million
- 2019: \$17.26 million

- (i) **Can management help shareholders understand the viability of the group's business in the long run given that revenue has been on a decline?**

While the group was awarded 4 contracts in 2019, the total aggregate amount was just \$68.3 million. These contracts are to be completed up to 60 months from its commencement.

- (ii) **For the benefit of new and long-standing shareholders, what is the group's market share in the strutting, piling and decking segment and in the tunneling segment?**
- (iii) **Can management elaborate further on the opportunities available in the next 18-24 months? What is the group's strongest selling point compared to its competitors?**

Q2. As shown in the Statements of financial position (page 64), the group has \$33.1 million invested in property, plant and equipment, out of total assets of \$63.3 million.

In Note 2 (page 74 – Summary of significant accounting policies), the group stated that the carrying values of its 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.

The costs of steel beams and oil jacks are depreciated on a straight-line basis over their estimate useful economic lives of 15 years.

As at 31 December 2019, the group's carrying amount of steel beams and oil jacks amounted to \$30,431,961 (2018: \$30,424,534). In FY2019, the group added \$2,929,795 to its holdings of steel beams and oil jacks.

- (i) Despite the much lower revenue, the group increased its holding of steel beams and oil jacks by \$2.9 million in FY2019. **What were the utilisation rates of the group's steel beams and oil jacks?**
- (ii) **What is the average age of its steel beams and oil jacks?**
- (iii) **What are the indicators of impairment used by management to determine if the property, plant and equipment are to be reviewed for impairment?**

Q3. The board comprises five members, including three independent directors who were all appointed on 16 November 2012.

- (i) **Can the company help shareholders recall if it has appointed any new directors to the board since its listing?**
- (ii) **Has the nominating committee (NC) reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

On page 28 of the annual report, the NC stated that it will consider candidates proposed by the directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.

- (iii) **Would the NC elaborate further on how the search and nominating approach supports its board diversity policy?**

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)



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