

## REGULATORY OVERVIEW

### REGULATIONS AND SUPERVISION OF OUR BUSINESS IN SINGAPORE

#### Overview

The building and construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore’s building and construction industry. The Building Control Act (Chapter 29 of the laws of Singapore) (“**Building Control Act**”) and its subsidiary legislation sets out the requirements for licensing of builders. From 16 June 2009, all builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a Builder’s Licence. The requirement applies to both public and private construction projects. There are two types of Builder’s Licences, namely, the general builder licence (the “**GB Licence**”) and the specialist builder licence. The BLS and the CRS are administered by the BCA.

A GB Licence is issued under the BLS and such a licence is required for companies which intend to carry out private or public sector building works which include earthworks and general construction works.

To tender for projects in the public sector, registration with the Contractors Registry under the CRS is a pre-requisite. In order to be registered under the CRS, a company would require a licence issued under the BLS. A company which is only involved in private sector projects need not register under the CRS and only a licence issued under the BLS is needed.

Our Group is issued with a GB1 Licence by the BCA under the BLS and is registered by the BCA according to the CRS under, among others, the CW01 workhead (for General Building) and CW02 workhead (for Civil Engineering), both for C1 Grade.

Accordingly, our Group is able to undertake:

- (i) (in its capacity as the holder of a GB1 Licence) contracts for private sector building works of any value;
- (ii) (in its capacity as contractor registered under CW01 workhead for C1 Grade) direct tendering of contracts for building works for government agencies of a contract value not exceeding S\$4 million; and
- (iii) (in its capacity as contractor registered under CW02 workhead for C1 Grade) direct tendering of contracts for civil engineering works for government agencies of a contract value not exceeding S\$4.2 million from June 2015 to June 2016 and S\$4 million from July 2016 to June 2017.

In addition, our Group is also an approved scaffold contractor under the Workplace Safety and Health (Scaffolds) Regulations 2011. Under Section 4 of the Workplace Safety and Health (Scaffolds) Regulations 2011, only approved scaffold contractors may carry out construction, erection, installation, re-positioning, alteration, maintenance, repair and dismantling of certain scaffolds.

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As a subcontractor in Singapore carrying out steel reinforcement works, formwork erection and concrete works, our Group does not require any specific licences (including the GB1 Licence) for carrying out such works for our projects. Under Section 2(1) of the Building Control Act, subcontractors fall outside the general definition of a “builder” and therefore are not subject to the licensing regime. The relevant part of Section 2(1) of the Building Control Act provides:

““builder” means any person who undertakes, whether exclusively or in conjunction with any other business, to carry out any building works for his own account or for or on behalf of another person (referred to in this definition as A), but does not include any person who contracts with a builder for the execution by that person of the whole or any part of any building works undertaken by the builder for or on behalf of A under a contract entered into by the builder with A.”

A subcontractor (that is, any person who merely “contracts with a builder for the execution by that person of the whole or any part of any building works undertaken by the builder for or on behalf of A under a contract entered into by the builder with A”) is not considered a builder within the meaning of section 2(1) of the Building Control Act.

### Contractors Registration System

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the Singapore public sector, registration under the CRS maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. At present, there are seven major categories of registration under the CRS: (a) Construction Workhead (“**CW**”), (b) Construction-Related Workhead (“**CR**”), (c) Mechanical and Electrical Workhead (“**ME**”), (d) Maintenance Workhead (“**MW**”), (e) Trade Head (“**TR**”), (f) Regulatory Workhead (“**RW**”), and (g) Supply Head (“**SY**”). Under these seven major categories, there is a further sub-classification of a total of 63 workheads. Each major category of registration under the CRS is also subject to six to seven grades (“**Grades**” or each a “**Grade**”). In order to qualify for a particular Grade, companies must satisfy the respective Grade requirements in terms of (i) financial capability (valid audited accounts, paid-up capital, net worth, etc); (ii) relevant technical personnel (full-time employed, recognised professional, technical qualifications, valid licences, etc.); (iii) management certifications (Singapore Accreditation Council accredited ISO 9000, ISO 14000, OHSAS 18000, etc.); and (iv) track record (valid projects with documentation proof, endorsed and assessed by clients). The qualified Grade of registered companies corresponds with a tendering limit (valid for one year) which, depending on the economy of the construction industry in Singapore, may be adjusted from year to year.

A contractor’s eligibility to qualify under the different Grades is dependent on, among others, its minimum net worth and paid-up capital, the professional and technical expertise of its management and its track record in relation to previously completed projects. The validity for a first time registration is for a period of three years. Registration will thereafter lapse automatically unless a renewal (for a period of three years) is filed and approved by the BCA.

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Our Group is currently issued with a GB1 Licence by the BCA under BLS and registered with the BCA under the following workheads:

Workheads	Title	Scope of Work	Grade <sup>(1)</sup>	Expiry Date
CW01	General building	<p>(a) All types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants.</p> <p>(b) Addition and alteration works on buildings involving structural changes.</p> <p>(c) Installation of roofs.</p>	C1	1 August 2018
CW02	Civil engineering	<p>(a) Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open car-parks and related works such as kerbs and footways.</p> <p>(b) Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works.</p> <p>(c) Works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. The head does not cover the construction and fabrication of marine crafts, pontoons and oilrigs or any floating platform.</p>	C1	1 August 2018

*Note:*

- (1) The differences in Grades relate to the tendering limits for Singapore public sector projects and may be adjusted on a yearly basis depending on the economy of the construction industry in Singapore.

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The current tendering limits for major categories of registration under the CRS are as summarised below:

### Construction Workheads (CW01 and CW02)

Grades	A1	A2	B1	B2	C1	C2	C3
Tendering Limit (S\$ million)	Unlimited	85	40	13	4	1.3	0.65

In order for our Group to maintain its existing gradings, there are certain requirements to be complied with, including but not limited to requirements relating to minimum paid up capital and net worth, employment of personnel (including Registrable Professional (“**RP**”)<sup>(1)</sup>, Professional (“**P**”)<sup>(2)</sup> and Technician (“**T**”)<sup>(3)</sup>, and track record of past projects or contracts secured.

Some of the specific requirements for our Group’s gradings as at the Latest Practicable Date are as follows:

Workhead/Title/Grade	Requirements	
CW01/General Building/ C1	Minimum paid-up capital and minimum net worth	S\$300,000
	Management	To employ at least one RP/P and one T, of which one RP/P/T with BCCPE <sup>(4)</sup>
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$3 million.
	Certification	<ul style="list-style-type: none"> <li>• the Safety Management Certification (“<b>SMC</b>”)/ OHSAS 18000</li> </ul>
	Additional requirement	To possess GB1 Licence or the General Builder (Class 2) licence issued by the BCA (“ <b>GB2 Licence</b> ”).

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Workhead/Title/Grade	Requirements
CW02/Civil Engineering/ C1	Minimum paid-up capital and minimum net worth S\$300,000
	Management To employ at least one RP/P and one T, of which one RP/P/T with BCCPE
	Track record (over a three-year period) To secure projects with an aggregate contract value of at least S\$3 million. Only the value of the civil engineering projects will be counted.
	Certification <ul style="list-style-type: none"><li>• SMC/OHSAS 18000</li></ul>
	Additional requirement To possess GB1 Licence or GB2 Licence.

*Notes:*

- (1) A RP must have a minimum professional qualification of a degree in civil/structural, mechanical, electrical engineering recognised by the Professional Engineers Board or the BCA; or architecture recognised by the Board of Architects Singapore.
- (2) A P must have a minimum professional qualification of a recognised degree in civil/structural, mechanical, electrical engineering architecture, building or equivalent.
- (3) A T must have a minimum technical qualification of (i) a diploma in civil/structural mechanical, electrical engineering, architecture, building, or equivalent awarded by BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (ii) a National Certificate in Construction Supervision or Advance National Building Qualification or a Specialist Diploma in M&E Coordination awarded by the BCA Academy; or (iii) such other diplomas or qualifications as approved by the BCA from time to time.
- (4) Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) (“**BCCPE**”). This certificate is obtained after having attended a course conducted by the BCA Academy. Should the director of a company be the only person in the company possessing a BCCPE, he cannot utilise the same BCCPE qualification to satisfy the requirements for another company of which he is also part of.

Builders’ licensing seeks to ensure that building works are carried out by builders who are conversant with the statutory requirements of the Building Control Act and conduct their duties competently and professionally. There are two types of licences, namely GB Licence and Specialist Builder Licence:

*1. GB Licence*

There are two classes of GB Licences:

- (a) GB1 Licence (builders are allowed to undertake projects of any value);
- (b) GB2 Licence (builders are restricted to undertake projects not exceeding S\$6 million)

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### 2. *Specialist Builder licence*

Specialist Builder Licence are for builders undertaking any of the six types of specialist building works, which are defined in Section 2 of the Building Control Act as:

- (a) piling works comprising installation and testing of pre-cast reinforced concrete or pre-stressed concrete piles, steel piles, bored cast-in-place reinforced concrete piles, caissons and special pile types like micro-piles, barrettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles;
- (b) ground support and stabilisation works, including installation and testing of ground anchors, soil nails, rock bolts, ground treatment like chemical grouting and jet-grouting, reinforced-earth, shotcreting and tunnel supports;
- (c) site investigation work comprising field investigations, exploratory drilling or boring, logging, sampling, coring, in-situ plate-loading tests, pressure meter tests, penetration tests, vane shear tests, probing tests, permeability tests, geological mapping and geophysical surveys, and installation and monitoring of instruments measuring forces, deformation, displacements, pore and earth pressures, and ground-water levels;
- (d) structural steelwork comprising —
  - i. fabrication of structural elements;
  - ii. erection work like site cutting, site welding and site bolting; and
  - iii. installation of steel supports for geotechnical building works;
- (e) pre-cast concrete work comprising fabrication of pre-cast structural elements;
- (f) in-situ post-tensioning work comprising setting out of tendon profiles, laying of conduits, anchorages and bursting reinforcement, pulling or stressing of cables, pressure grouting of conduits; and
- (g) such other building works as the Minister for National Development may, by order published in the *Gazette*, declare to be specialist building works.

As the holder of a GB1 Licence, our Group can undertake private sector contracts of unlimited value. “General building works” is defined in Section 2 of the Building Control Act as any building works other than specialist building works. The company’s work scope under a GB1 Licence includes all general building works as well as the following minor specialist building works:

- (i) all specialist building works associated with minor specialist building works;
- (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than 3 metres, a clear span of less than 6 metres and a plan area not exceeding 150 sq.m.; and

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- (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

In addition to the above minor specialist building works, a company with a GB1 Licence may conduct all types of construction works, including all forms of specialist works if the project does not require checks from an accredited checker, but cannot undertake works that have been designated as specialist works to be carried out only by companies possessing a specialist builder class of builders’ licence.

To qualify for the GB1 Licence, the following conditions must be met by our Group:

<b>Financial (minimum paid-up capital)</b>	<b>Approved Person (“AP”)<sup>(1)</sup></b>		<b>Technical Controller (“TC”)<sup>(2)</sup></b>	
	<b>Course</b>	<b>Practical experience</b>	<b>Course</b>	<b>Practical experience</b>
S\$300,000	A course leading to a Bachelor’s degree or postgraduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor’s degree or postgraduate degree in a construction-related field <sup>(3)</sup>	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
		or		
	A course leading to a diploma in a construction and construction-related fields.	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		
		or		
	A course conducted by the BCA known as “Essential Knowledge in Construction Regulations & Management for Licensed Builders”	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

*Notes:*

- (1) The AP is the appointed key personnel who takes charge and directs the management of the business of the licensee, in so far it relates to general building works or specialist building works in Singapore, at all times. The AP shall be the sole-proprietor, partner, director or member of the board of management of the licensee. If an employee of the licensee is appointed as the AP, he shall be employed in such a manner and with such similar duties and responsibilities as a director or member of its board of management. The AP shall not have acted as an AP or TC of a licensee whose licence has been revoked in the 12 months preceding the date of

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application for the licence by the licensee. The AP must not be acting, for so long as he is the AP for the licensee, as a TC for any company with or applying for a licence. The AP must give his consent for carrying out the duties of an AP for the licensee.

- (2) The TC is the appointed key personnel who oversees the execution and performance of any general building works or specialist building works in Singapore that the licensee undertakes to carry out. The TC could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities as a partner, director or member of its board of management). The TC shall not have acted as an AP or TC of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The TC must not be acting, for so long as he is the TC for the licensee, as a TC for any company with or applying for a licence. The TC must give his consent to carrying out the duties of a TC for the licensee.
- (3) “Construction-related field” means the field of architecture, civil or structural engineering, mechanical or electrical engineering, construction or project management, quantity surveying or building science, facilities or estate management. As at the Latest Practicable Date, our Group satisfied the requirements of GB1 Licence on AP and TC. Mr. Koh Lam Tai, who has more than 20 years of experience in project management in the construction industry, is the AP of our Group. He has been overseeing the progress of projects in our Group since 1996. Ms. Lwin Mein Htwe is the TC of our Group. She graduated with a Bachelor of Engineering (Civil) from Mandalay Technological University and has been in the construction industry since 2004.

### **Building and Construction Industry Security of Payment Act**

Under the Building and Construction Industry Security of Payment Act or BCISPA (Chapter 30B of the laws of Singapore) which is regulated by the BCA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. In addition, the BCISPA, amongst others, endorses the following rights:

- (i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication determination as if it were a judgment debt, if, amongst others, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant; and
- (iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.



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Under the BCISPA, where a construction contract provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates: (a) the date as specified in or determined in accordance with the terms of the contract; or, in any other case (b)(i) the date immediately upon the expiry of 35 days after submission of a tax invoice for the progress payment if the claimant is a taxable person under the Goods and Services Tax Act (Chapter 117A of the laws of Singapore) (“**GST Act**”); and (b)(ii) if the respondent (i.e. the customer) fails to provide a payment response (i.e. the response to the progress payment claim submitted to the customer for approval), the date immediately upon the expiry of 35 days after (i) the date specified in or determined in accordance with the terms of the construction contract or within 21 days after the progress payment claim is served, whichever is earlier, or (ii) where the construction contract does not contain such a provision, within seven (7) days after the progress payment claim is served.

Where a construction contract does not provide for the date on which a progress payment becomes due and payable, the progress payment shall become due and payable on (a) the date immediately upon the expiry of 14 days after submission of a tax invoice if the claimant is a taxable person under the GST Act; or (b) in any other case, whether or not a payment response is provided, the date immediately upon the expiry of 14 days after (i) the date specified in or determined in accordance with the terms of the construction contract, or within 21 days after the progress payment claim is served, whichever is earlier, or (ii) where the construction contract does not contain such a provision, within seven (7) days after the progress payment claim is served.

With respect to the due date of payment for supply contracts, the BCISPA provides that where a supply contract provides for the date on which a progress payment becomes due and payable, the progress payment shall become due and payable on the earlier of (a) the date as specified or determined in accordance with the terms of such supply contract, or (b) the date immediately upon the expiry of 60 days after the relevant payment claim is served. Where a supply contract does not provide for the date on which a progress payment becomes payable, the progress payment becomes due and payable upon the expiry of 30 days after the relevant payment claim is served.

Under the BCISPA and in relation to a construction contract, a claimant will be entitled to make an adjudication application in relation to the relevant payment claim in any of the following situations: (a) if the claimant fails to receive a payment by the due date of the response amount which he has accepted, (b) the claimant disputes a payment response provided by the respondent and the dispute is not settled within seven (7) days after the date on which the period within which the payment response is required to be provided, or (c) the respondent fails to provide a payment response to the claimant within seven (7) days after the specified period within which the payment response is required to be provided. An adjudication application shall be made within seven (7) days after the entitlement of the claimant to make the application first arises, failing which the claimant will lose his statutory right to make such an application. However in such event, the claimant will still be entitled to make a contractual claim against the respondent for the relevant payment claim.

The BCISPA provides that its provisions shall have effect notwithstanding any provision to the contrary in any contract or agreement.

For details of the major contract terms of our Group, please refer to the section headed “Business — Key Contract Terms” of this document.

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### Employees

The Employment Act is the main legislation governing employment in Singapore. The Employment Act covers every employee who is under a contract of service with an employer and includes a workman (as defined under the Employment Act) but does not include, among others, any person employed in a managerial or executive position (subject to the exceptions set out below). The Employment Act and its subsidiary legislation are regulated by the MOM.

A workman is defined under the Employment Act as including, among others, (a) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any apprentice, and (b) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work.

Part IV of the Employment Act contains provisions relating to, among others, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and apply to: (a) workmen earning basic monthly salaries of not more than S\$4,500, and (b) employees (excluding workmen) earning basic monthly salaries of not more than S\$2,500.

Paid public holidays and sick leave apply to all employees who are covered by the Employment Act regardless of salary levels.

Any person employed in a managerial or an executive position (who is generally not regarded as an employee under the Employment Act) who is in receipt of a salary not exceeding S\$4,500 shall be regarded as an employee for the purposes of provisions in the Employment Act (except the provisions in Part IV) relating to, among others, payment and computation of salaries, powers of the Commissioner for Labour in relation to claims, complaints and investigations into offences under the Employment Act and procedures and regulations governing claims and offences under the Employment Act.

### *Enhanced administrative requirements*

From 1 April 2016, employers are required to implement enhanced administrative requirements for employees covered under the Employment Act. There are key changes in relation to payslips, employment terms and employment records, as well as the new framework adopted for less severe breaches of the Employment Act.

From 1 April 2016, the Employment (Amendment) Act 2015 requires employers to:

#### *Provide itemised payslips*

Employers must issue employees itemised payslips at least once a month together with (or latest within three working days of) salary payment. In the event of termination of employment, the payslip must be given to the employee together with the final payment of salary. For all other employees, the payslip must include details such as payments and deductions for each salary period, and overtime pay if applicable. The payslip may be issued as a softcopy or hardcopy and may also be in handwritten form. Employers must keep records of all payslips issued.

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*Provide Key Employment Terms ("KETs") in writing*

For employees who are employed on or after 1 April 2016, and are employed for 14 continuous days or more, employers must provide written KETs including details such as leave entitlements and working arrangements (daily working hours, number of working days per week, and rest day if applicable).

Full list of the KETs below must be included, unless the item is not applicable:

<b>Number</b>	<b>Item description</b>
---------------	-------------------------

- |    |  |
|----|--|
| 1  | Full name of employer;   |
| 2  | Full name of employee;   |
| 3  | Job title, main duties and responsibilities;   |
| 4  | Start date of employment;  |
| 5  | Duration of employment (if employee is on fixed-term contract);  |
| 6  | Working arrangements, such as: <ul style="list-style-type: none"><li>• Daily working hours (e.g. 8.30am–6pm);</li><li>• Number of working days per week (e.g. six); and/or</li><li>• Rest day (e.g. Saturday);</li></ul> |
| 7  | Salary period;   |
| 8  | Basic salary;<br><br>For hourly, daily or piece-rated workers, employers should also indicate the basic rate of pay (e.g. \$X per hour, day or piece);   |
| 9  | Fixed allowances;  |
| 10 | Fixed deductions;  |
| 11 | Overtime payment period (if different from item 7 salary period);  |
| 12 | Overtime rate of pay;  |
| 13 | Other salary-related components, such as: <ul style="list-style-type: none"><li>• Bonuses; and/or</li><li>• Incentives;</li></ul>  |

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14	Type of leave, such as: <ul style="list-style-type: none"><li>• Annual leave;</li><li>• Outpatient sick leave;</li><li>• Hospitalisation leave;</li><li>• Maternity leave; and/or</li><li>• Childcare leave;</li></ul>
15	Other medical benefits, such as: <ul style="list-style-type: none"><li>• Insurance;</li><li>• Medical benefits; and/or</li><li>• Dental benefits;</li></ul>
16	Probation period; and
17	Notice period.

### *Keep detailed employment records*

Employers must maintain detailed employment records for each employee, in two categories:

- (1) Salary records, with the same information as required in the itemised payslips; and
- (2) Employee records, with information such as address of the employee, the National Registration Identity Card number or Foreign Identification Number with expiry date, date of birth, gender, date of starting and leaving employment, working hours including duration of meals and breaks, dates and other details of public holidays and leave taken.

For current employees, such records must be kept for the latest two years. For ex-employees, such records of the final two years are to be kept for one year after the employment ends.

### *Penalties for less severe breaches*

Less severe breaches will be treated as non-criminal infringements, which are subject to administrative penalties. There will be no criminal record for employers in breach of these obligations. The less severe breaches include:

- Failure to issue itemised payslips to all employees;
- Failure to issue KETs, such as working arrangements, main duties and fixed salary deductions in writing to employees;
- Failure to keep detailed employment records; and

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- Provision of inaccurate information (without fraudulent intent or intent to mislead) to the Commissioner for Labour or inspecting officers.

Penalties for first-time non-compliance range from S\$100 to S\$200 per employee or occurrence and the employer may also be requested to rectify the breach. Subsequent occasions of non-compliance may result in penalties of S\$200 or S\$400 depending on the type of breaches. Repeated cases of non-compliance will be regarded as a criminal offence.

The new requirements took effect from 1 April 2016. However, the MOM will provide a one-year grace period in its enforcement. During this period, the MOM will take a light touch enforcement approach and focus on helping employers to meet these requirements. Nevertheless, it is important for employers to review their procedures and take steps to comply with the new requirements.

### Employment of Foreign Workers in Singapore

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the MOM.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee in Singapore unless he has obtained a valid work pass in respect of the foreign employee from the MOM, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- on a second or subsequent conviction:
  - in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
  - in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

Apart from the general requirements for employing foreign workers, there are requirements additional and specific to the construction sector which our Group has to fulfil. These include specific requirements for a worker’s nationality, quota and levy. The availability of foreign workers to the construction is also regulated by the MOM through, among others, the following policy instruments:

- approved source countries;
- the imposition of security bonds and levies;
- dependency ceilings based on the ratio of local to foreign workers; and
- quotas based on the MYE in respect of workers from Non-Traditional Sources (“NTS”) and the PRC.

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As at the Latest Practicable Date, each of our foreign employees held one of the following type of work passes which is issued to such foreign employee, subject to the conditions of the Employment of Foreign Manpower (Work Passes) Regulations 2012:

<b>Pass type</b>	<b>Category of employee</b>
Employment Pass	For foreign professionals, managers and executives. Candidates need to earn at least S\$3,600 a month and have acceptable qualifications.
S Pass	For mid-level skilled staff. Candidates need to earn at least S\$2,200 a month and meet the assessment criteria.
Work Permit	For semi-skilled foreign workers in the construction, manufacturing, marine, process or services sector.

In applying for Work Permits, we first check the backgrounds of the workers before submitting applications. In-principle approvals (“**IPA**”) are usually given by the MOM after one to five working days, depending on the nationality of the foreign worker. When we receive the IPA, we will contact the workers to inform them of the IPA granted. They will then purchase their air tickets to travel to Singapore the following week. We will also make arrangements to purchase security bonds for them from insurance companies, which can be completed in one working day.

Upon their arrival in Singapore, we will arrange for the foreign workers to attend a medical checkup on the first day of their arrival and attend the CSOC on the next day. Within two weeks of their arrival, we would submit the medical reports of the foreign workers online to obtain the issuance of their work permits. We will also make an online application for an appointment at the MOM for the foreign workers to register their photographs and fingerprints required for their Work Permit cards.

It takes about two to three weeks from our application to the time the foreign workers are issued with a Work Permit in Singapore.

### ***Approved source countries***

In the construction sector of Singapore, employers can only employ foreign workers who satisfy the conditions in relation to source countries, age when applying, and maximum period of employment. The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources (“**NAS**”). NTS include India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS include Hong Kong (holders of HKSAR passports), Macau, South Korea and Taiwan.

Construction companies must have Prior Approval (“**PA**”) from the MOM to employ foreign workers from NTS and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their Work Permits renewed, or who can be transferred from another company in Singapore. PAs are given based on: (i) the duration of the Work Permits applied for; (ii) the number of full-time local workers employed by the company over the past three months as reflected in the company’s CPF contribution statements; (iii) the number of man-years allocated to the company (for main contractors) or the man-years directly allocated from the company’s main contractor (for subcontractors); and (iv) the remaining number of company’s quota available.

## REGULATORY OVERVIEW

Foreign construction workers would be required to obtain the following before they are allowed to work in Singapore:

<b>Requirements</b>	<b>Type of workers</b>
Skills Evaluation Certificate (“SEC”) or Skills Evaluation Certificate (Knowledge) (“SEC(K)”) <sup>(1)</sup> , issued or accepted by the BCA	Workers from NTS and the PRC under the PA (Type: New); workers from NAS
Sijil Pelajaran Malaysia or its equivalent, the SEC or SEC(K)	Workers from Malaysia
Attend and pass full day CSOC	Workers from NTS, NAS, the PRC and Malaysia (All)
Pass medical examination by doctor registered in Singapore	Workers from NTS, NAS, the PRC and Malaysia (All)

*Note:*

- (1) Both the SEC and SEC(K) schemes are initiatives by the BCA to raise skills, productivity and safety in the construction sector. All non-Malaysians must have the SEC to qualify as Basic-Skilled construction workers.

With respect to NTS and PRC construction workers, basic skilled workers are allowed to work up to a maximum of 10 years, while higher skilled workers would be allowed to work up to 22 years. There is no maximum employment period for all other foreign workers (from NAS and Malaysia). The maximum age limit for all foreign workers to work in Singapore, regardless of country of origin, is up to 60 years old.

In addition, for each individual’s Work Permit, IPA has to be sought. Within two weeks of arrival, the foreign construction worker is required to undergo a medical examination by a doctor registered in Singapore and must pass such medical examination before a Work Permit can be issued to him.

All foreign workers in the construction sector must attend the CSOC, a course conducted by various training centres accredited by the MOM and obtain a valid CSOC pass. The CSOC is to (i) ensure that these construction workers are familiar with common safety requirements and health hazards in the industry, including the use of personal protective equipment; (ii) educate them on the required measures to prevent accidents and diseases; and (iii) ensure that they are aware of their rights and responsibilities under the relevant employment law in Singapore. Employers must ensure that their foreign workers attend the CSOC within two weeks of their arrival in Singapore before their work permits can be issued. At the end of the CSOC, the workers will receive a safety orientation pass upon passing the course requirements or assessment. Foreign workers who have failed the CSOC must retake the course as soon as possible. Employers who fail to ensure that their foreign workers take and pass the CSOC will be barred from applying for any new Work Permits for three months, while the affected foreign workers will have their Work Permits revoked.

## REGULATORY OVERVIEW

### *Security bonds and foreign worker levies*

For each NAS, NTS or PRC construction worker whom we were successfully granted with a work permit, a security bond of S\$5,000 in the form of a banker’s guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA. The security bond must be furnished prior to the foreign worker’s arrival in Singapore, failing which entry into Singapore will not be allowed. Malaysian workers are exempt from such requirement of furnishing a security bond.

The number of S Pass holders and Work Permit holders (“WPHs”) that a company is allowed to hire is limited by quota and subject to levy, namely, FWL. As at the Latest Practicable Date, our Group possessed 44 unused quota for S Pass holders and WPHs. The table below outlines the quota and FWL rates for the construction sector, where employers pay the requisite levy according to the qualification of the foreign workers employed.

Worker Category	Percentage of total workforce	Monthly FWL rate (S\$) (from 1 July 2014)	Monthly FWL rate (S\$) (from 1 July 2015)	Monthly FWL rate (S\$) (from 1 July 2016)	Monthly FWL rate (S\$) (from 1 July 2017)
		Higher skilled <sup>(1)</sup> and on MYE <sup>(2)</sup> (see below for more details on MYE)	Up to 87.5%	300	300
Basic skilled and on MYE		550	550	650	700
Higher skilled, experienced and exempted from MYE <sup>(2)</sup>		700	600	600	600
Basic skilled, experienced and exempted from MYE <sup>(2)</sup>		950	950	950	950

  

Pass Type	Tier	Percentage of total workforce	Worker category	Monthly FWL rate (\$) (from 1 July 2014)	Monthly FWL rate (S\$) (from 1 July 2015)	Monthly FWL rate (S\$) (from 1 July 2016)
				S Pass Quota: 20% of workforce	Basic/Tier 1	Up to 10%
	Tier 2	10% to 20%	Higher skilled/ Basic skilled	550	650	650



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*Notes:*

- (1) Under the Employment of Foreign Manpower (Levy) Order 2011, “basic skilled construction worker” means a construction worker, not being a higher skilled construction worker, who has passed a test in a construction-related skill conducted or recognised by the BCA or such institution as the Controller may determine; “higher skilled construction worker” means a construction worker who - (a) has obtained the requisite trades certification for construction-related skills conducted or recognised by the BCA or such institution as the Controller may determine; or (b) has such work experience, remuneration or any combination thereof, or who satisfies such other criteria, as the Minister for Manpower determines suitable to regard the construction worker as a higher skilled construction worker. The requisite trades certification that a higher skilled construction worker requires include the Construction Registration of Tradesmen (CoreTrade) registration scheme, the Multi-Skilling scheme, the Market-based Skills Recognition Framework and the SEC(K) at Direct R1 higher skills standards.
- (2) To be exempted from MYE, the foreign workers must have at least three years of working experience in Singapore which is relevant to the construction sector.

### **Dependency ceilings**

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore citizen or Singapore permanent resident who is employed by no more than two companies in the construction sector with regular full month CPF contributions made by the employer(s), the company can employ a maximum of seven foreign workers. However, the quota may not apply to higher skilled foreign employees. A full-time employee refers to a Singapore citizen or Singapore permanent resident employee who earns at least S\$1,000 per month under a contract of service.

### **Minimum percentage of higher skilled (R1) workers**

From 1 January 2017, all construction firms are required to have at least 10% of their WPHs to be qualified as higher skilled R1 workers. For example, if a firm has 100 WPHs, it must have at least ten R1 workers. The MOM sets the minimum R1 proportion at 10% per firm, with the following implications:

- From 1 January 2017, at least 10% of its construction WPHs must be higher-skilled (R1) before a construction firm can hire any new basic-skilled (R2) construction workers. Renewals, however, will not be affected. This is tracked based on a 12-week rolling average;
- From 1 January 2018, construction firms that do not meet the 10% R1 minimum will not only be forbidden from hiring new R2 construction workers but these firms will also not be able to renew the Work Permits of R2 construction workers; and
- From 1 January 2019, construction firms that do not meet the 10% R1 minimum will not be able to hire or renew R2 construction workers and will also have the Work Permits of any excess R2 construction workers revoked.

## REGULATORY OVERVIEW

Construction firms may upgrade their basic skilled R2 WPHs to higher skilled R1 WPHs through any of the following pathways:

- (a) CoreTrade scheme: Workers who have at least four years of construction experience in Singapore and pass the stipulated skill assessments conducted by the BCA can be registered under the Construction Registration of Tradesmen (CoreTrade) registration scheme to qualify as Higher Skilled R1 WPHs;
- (b) Multi-Skilling scheme: Since July 2012, the BCA has implemented the Multi-Skilling scheme to allow construction firms to upgrade WPHs who have at least four years of construction experience in Singapore, and are certified in two or more trade skills, to the R1 tier;
- (c) Market-based Skills Recognition Framework (“MBF”): Since August 2014, the MOM implemented the MBF to allow R2 WPHs to upgrade to R1 status if they have at least six years’ construction experience in Singapore, and earn a fixed monthly salary of at least S\$1,600; or
- (d) Direct R1 pathway: Since September 2015, the Direct R1 pathway allows workers who pass the SEC(K) at Direct R1 higher skills standards, and draw a fixed monthly salary of at least S\$1,600, to qualify for R1 status. This will benefit better quality workers from overseas, as well as existing R2 workers who are skilled but do not have enough working experience in Singapore.

### MYE

The MYE is a Work Permit allocation system for employment of construction workers from NTS and the PRC. MYE represents the total number of WPHs a main contractor is entitled to employ based on the value of the projects awarded by the developers or owners. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYE. One man-year is equivalent to one year’s employment under a Work Permit. All levels of subcontractors are required to obtain their MYE allocation from their main contractors.

A main contractor’s MYE will expire on the completion date of the relevant project. In the event of an extension of a project completion date, the main contractor may request to extend the MYE. If the extension is approved, the new project completion date will be indicated in the original MYE certificate which will be sent to the main contractor within 14 working days. NTS or PRC construction workers who have worked with any employer for a cumulative period of three or more years in the construction industry, may be hired by main contractors without the need for MYE.

Employers are required to comply with the conditions of the Work Permits, such as the requirement to provide acceptable accommodation for their foreign workers. Other conditions of the Work Permits which employers of foreign construction workers are also required to comply with include the following:

- ensuring that the foreign worker performs only those construction activities specified in the conditions;

## REGULATORY OVERVIEW

- ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- providing safe working conditions for their foreign workers; and
- purchasing and maintaining medical insurance with coverage of at least S\$15,000 per 12-month period of the foreign worker’s employment (or for such shorter period where the worker’s period of employment is less than 12 months) for the foreign worker’s in-patient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing. Where the employer purchases a group medical insurance policy for its foreign workers, the employer shall not be considered to have satisfied the obligation under this condition unless the terms of the group medical insurance policy are such that each and every individual foreign worker is concurrently covered to the extent as required aforesaid.

Apart from the EFMA, an employer of foreign workers is also subject to, amongst others, the provisions set out in:

- the Employment Act, as further discussed above; and
- the Immigration Act (Chapter 133 of the laws of Singapore) (“**Immigration Act**”) and the regulations issued pursuant to the Immigration Act. For instance, under Section 57(8) of the Immigration Act, in the event that an illegal immigrant employed by a subcontractor is found at a construction site or any other non-residential premises, the occupier of the premises (the main contractor) shall be presumed, until the contrary is proved, to have employed him knowing that he is an immigration offender. If this statutory presumption is triggered, the main contractor has to rebut the presumption that it has employed the illegal immigrant. In determining the existence of an employment relationship for the purposes of the Immigration Act, the manner of remuneration and the degree of control of the workers are two significant considerations. The inquiry is one into substance of the relationship and not its form.

### **Female employees**

The Child Development Co-Savings Act (Chapter 38A of the laws of Singapore) provides that every female employee is legally entitled to 16 weeks of paid maternity leave regardless of her occupation if: (1) her child is a Singapore Citizen; (2) she is lawfully married to the child’s father at the time of the child’s birth; and (3) she has served the company for at least 90 days before the birth of her child. During such period of leave, the female employee shall be entitled to receive payment from her employer at her gross rate of pay.

### **Workplace Safety and Health Safety Measures**

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the

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arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

The Workplace Safety and Health (Construction) Regulations 2007 sets out additional specific duties on employers which include, among others, appointing a workplace safety and health co-ordinator in respect of every worksite to assist and identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice.

More specific duties imposed on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“**WSHR**”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment are required to, amongst others, be tested and examined by an authorised examiner (“**Authorised Examiner**”) before they can be used and thereafter, at specified intervals:

- hoists or lifts;
- lifting gears; and
- lifting appliances and lifting machines.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the occupier of a workspace in which the equipment is used to comply with the foregoing provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, amongst others, enter, inspect and examine any workplace, to inspect and examine any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is relevant to an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has

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refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also implemented an enhanced demerit points system for the construction sector. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. Under the single-stage Demerit Points System (DPS) for the construction industry, the number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points would immediately trigger debarment for the contractor. Applications from the company for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment. Contractors that have been issued with demerit points will be informed by MOM in writing. Each demerit point is valid for 18 months. During the Track Record Period and up to the Latest Practicable Date, we do not have any demerit points as the non-compliance issues we have been involved in are minor regulatory breaches. For details of such non-compliance incidents, please refer to the section headed “Business — Regulatory non-compliance” of this document.

The number of demerit points issued to contractors will be based on the severity of the offences committed:

Type of incident	Demerit points	Effective date
Composition fines	1 point per fine from the 4th composition fine onwards	Date of MOM’s decision to offer composition fines
Stop work order (partial)	5	Date of stop work order issued
Stop work order (full)	10	
Prosecution action taken for accident that led to serious injuries to any person	18	Date of MOM’s decision to prosecute
Prosecution action taken for dangerous occurrence (potential for multiple fatalities)	18	
Prosecution action taken for accident that led to death of one person	25	
Prosecution action taken for accident that led to death of more than one person	50	

Demerit points for a contractor are calculated by adding the points accumulated from all the worksites under the same contractor.

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Contractors, including all main and sub-contractors who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. The following table indicates the scope and duration of debarment for the accumulated demerit points.

Phase	Demerit points accumulated within 18-month period	Allowed to hire new workers	Allowed to renew the passes of existing workers	Duration of debarment
1	25 to 49	No	Yes	3 months
2	50 to 74	No	Yes	6 months
3	75 to 99	No	Yes	1 year
4	100 to 124	No	Yes	2 years
5	125 and above	No	No	2 years

Under Section 56 of the WHSA, the CWSH may at his discretion compound any offence prescribed as a compoundable offence. The composition amount is a sum not exceeding one half of the amount of the maximum fine prescribed for the offence or S\$5,000, whichever is the lower. Upon payment of the composition sum, no further proceedings shall be taken against that person in respect of the offence.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, the employer in a workplace is required to, among others, conduct a risk assessment at least once every three years in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonably practicable steps to eliminate or minimise risks, implement measures/ safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three years, and submit such records to the CWSH from time to time when required by the CWSH. For details, please refer to the section headed “Business — Occupational health and safety” of this document.

### **Housing requirements for foreign workers**

Employers are required to ensure acceptable housing for their foreign workers and to provide their addresses to the MOM. The requisite housing standards are:

- Proper land use as defined by the URA, HDB or JTC;
- Building structural safety standards by the BCA;
- Fire and safety standards by the SCDF;
- Environmental health requirements by the NEA, and
- Drainage, sanitary and sewerage system standards by the PUB.

## REGULATORY OVERVIEW

Employers may be prosecuted if their workers do not have acceptable housing. Their Work Permit applications or renewals may also be affected.

Further, employers are required to register or update the MOM with the residential addresses of their foreign workers within five calendar days of employment or change of address, by way of the online portal "Online Foreign Worker Address Service".

Under Regulation 5(1) of the Workplace Safety and Health (Registration of Factories) Regulations 2008, any person who desires to occupy or use any premises as a factory not falling within any of the classes of factories in the First Schedule shall, before the commencement of operation of the factory, notify the CWSH of his intention to do so. Should a person desire to occupy or use any premises as a factory falling within any of the classes of factories in the First Schedule, he is required to register the premises as a factory. Under Section 5(2)(a)(iv) of the WSHA, the definition of a factory includes any premises where building operations or any work of engineering construction are carried out.

Under Regulation 4 of the Workplace Safety and Health (Operation of Cranes) Regulations 2011, the employer or principal under whose direction the person operates the crane is required to establish and implement a lifting plan which shall be in accordance with the generally accepted principles of safe and sound practice. It is also the duty of such employer or principal to appoint a lifting supervisor, a rigger and a signaller before any lifting operation involving the use of any crane is carried out at a workplace. It is the duty of the owner of any mobile crane or tower crane to ensure that after every installation, repair, alteration and dismantling of a mobile crane or tower crane, the crane is tested and certified safe by an authorised examiner for the operations for which it is intended; and the crane is not used unless it has been so tested and certified. Contravention of the Workplace Safety and Health (Operation of Cranes) Regulations 2011 may result in a fine not exceeding S\$20,000 or to an imprisonment term not exceeding two years or both.

Under Regulation 4(1) of the Workplace Safety and Health (Scaffolds) Regulations 2011, no person shall construct, erect, install, re-position, alter, maintain, repair or dismantle any scaffold, not being an excluded scaffold, in any workplace unless he is an approved scaffold contractor. A firm or company may apply to the CWSH for his approval to act as an approved scaffold contractor. An employer or principal under whose direction a person carries out or is to carry out work bears the duty, among others, to ensure that no person carries out work as an approved scaffold contractor unless he has successfully completed an accepted training course. It is also the duty of the employer or principal to appoint a scaffold supervisor before any construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace.

Any person who contravenes Regulation 4(1), or any provision of the Workplace Safety and Health (Scaffolds) Regulations 2011 which imposes a duty on him for which no penalty is expressly provided, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two years or to both.

### **Workmen's Compensation**

The Work Injury Compensation Act or WICA, (Chapter 354 of the laws of Singapore), which is regulated by the MOM, applies to employees who are engaged under a contract of service or apprenticeship, regardless of their level of earnings. The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the



## REGULATORY OVERVIEW

principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the sub-contractor employer who were injured while employed in the execution of work for the principal.

Under Sections 23 and 35 of the WICA, employers are required to purchase and maintain medical insurance coverage for their foreign workers, Employers who fail to buy or maintain the required medical insurance for their foreign workers may be fined up to S\$5,000 or imprisoned up to six months, or both. In addition, they may be barred from employing foreign workers.

Under Regulation 6 of the Workplace Safety and Health (Incident Reporting) Regulations, if a workplace accident results in injury of an employee who is hospitalised for at least 24 hours or given more than three days of sick leave, an employer must submit an incident report to the CWSH not later than 10 days after the accident, or not later than 10 days after the third day of the sick leave, as the case may be. If the employee subsequently dies from the injury, the employer has to notify CWSH as soon as reasonably practicable. If an employer receives a doctor's written diagnosis of the employee's occupational disease, the employer has to submit a report to CWSH not later than 10 days after receipt of the written diagnosis. Further, under Regulation 4 of the Workplace Safety and Health (Incident Reporting) Regulations, if any workplace accident leads to the death of any employee, the employer shall, as soon as is reasonably practicable, notify the CWSH. If any workplace accident leads to the death or injury requiring treatment at a hospital of any person not at work or of any self-employed person, the occupier of the workplace is required to, as soon as is reasonably practicable, notify the CWSH. Any employer or occupier who fails to give such notice may be charged for an offence and shall be liable upon conviction for a first offence, to a fine not exceeding S\$5,000 and for a subsequent offence, to a fine not exceeding S\$10,000 or to an imprisonment term not exceeding six months or to both.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim medical leave wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

An employee who has suffered an injury arising out of and in the course of his employment can choose to either:

- (a) submit a claim for compensation through the MOM without needing to prove negligence or breach of statutory duty by the employer. There is a fixed formula in the WICA on amount of compensation to be awarded; or
- (b) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence.

Damages under a common law claim are usually more than an award under the WICA and may include compensation for pain and suffering, loss of wages, medical expenses and any future loss of earnings. However the employee must show that the employer has failed to provide a safe system of work, or breached a duty required by law or that the employer's negligence caused the injury.



## REGULATORY OVERVIEW

Under the WICA, every employer, regardless of whether it is a main contractor or a subcontractor, is required to be insured under approved policies with an insurer against all liabilities which it may incur under the provisions of the WICA in respect of all employees employed, unless specifically exempted.

### **Earth Control Measures (“ECM”) under the SDA**

Under the SDA, all contractors have to obtain a clearance certificate or approval from the PUB before commencing earthworks in the following cases:

- (i) any works which affect or are likely to affect any storm water drainage system, drain or drainage reserve, directly or indirectly; or
- (ii) any works that could lead to the discharge of silt directly or indirectly into any storm water drainage system, drain or drainage reserve.

Contractors have to comply with the Sewerage and Drainage (Surface Water Drainage) Regulations which requires them to, among others:

- (a) comply with the Code of Practice on Surface Water Drainage (“**SD Code**”);
- (b) ensure earth control measures are provided and maintained in accordance with the SD Code;
- (c) ensure runoff within, upstream of and adjacent to the work site shall be effectively drained away without causing flooding within or in the vicinity of the work site;
- (d) ensure that all earth slopes shall be set outside a drainage reserve;
- (e) ensure that all earth slopes adjacent to any drain shall be close turfed; and
- (f) ensure that adequate measures are taken to prevent any earth, sand, top-soil, cement, concrete, debris or any other material to fall or to be washed into the storm water drainage system from any stockpile thereof.

Under the SD Code, the contractor is required to, among others, prior to the commencement of works, engage a Qualified Erosion Control Professional to plan and design a system of earth control measures, with the detailed ECM proposals to be submitted to the PUB. “Qualified Erosion Control Professional” means a Professional Engineer who is registered under the Professional Engineers Act (Chapter 253 of the laws of Singapore), and has in force a practicing certificate issued thereunder, and has satisfactorily completed a specialised professional course in erosion and sediment control.

### **Environmental laws and regulations**

The Environmental Public Health Act (Chapter 95 of the laws of Singapore) (“**EPHA**”) requires, among others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance.

## REGULATORY OVERVIEW

The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health and authorised officers may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

The Environmental Protection and Management Act (Chapter 94A of the laws of Singapore) seeks to provide for the protection and management of the environment and resources conservation and regulates, amongst others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations.

### **Company laws and regulations**

IEPL and ICPL, which are indirect wholly-owned subsidiaries of our Company and operating subsidiaries of our Group, are private companies limited by shares, incorporated and governed under the provisions of the Companies Act and its regulations.

The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by the provisions of the memorandum and articles of association of the company. The memorandum of association of a company provides for, among others, the objects of the company while the articles of association of the company contains, among others, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

## REGULATORY OVERVIEW

### Taxation

#### *Corporate tax*

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment (“YA”) 2010. In addition, the partial tax exemption scheme applies on the first S\$300,000 of normal chargeable income; and specifically 75% of up to the first S\$10,000 of a company’s normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies were granted a corporate income tax rebate of 30% of the tax payable for the YAs 2013 to 2015, subject to a cap of S\$30,000 per YA. During the Singapore Budget 2016, the Singapore government announced that in order to help businesses, especially small and medium enterprises, to restructure in the midst of the current economic climate, the Corporate Income Tax Rebate for YAs 2016 and 2017 will be raised to 50% of the corporate tax payable, from the 30% announced in Singapore Budget 2015. The rebate will be subject to a cap of \$20,000 per YA.

#### *Dividend distributions*

##### *One tier corporate taxation system*

Singapore adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

##### *Withholding taxes*

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

### **Productivity and Innovation Credit Scheme**

The Productivity and Innovation Credit Scheme (“**PIC Scheme**”) allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances; (ii) cash payouts; and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Further conditions apply before a company is eligible to make each of such claims, including having to invest in relevant qualifying expenditure and (in the case of the cash payouts and the cash bonuses) meeting the minimum three local employees requirement and (in the case of cash bonuses) investing the minimum qualifying expenditure per YA over the course of three years from YAs 2013 to 2015. The PIC Scheme has been extended for another three years from YAs 2016 to 2018, and higher expenditure caps in relation to tax deductions and allowances apply for qualifying small and medium enterprises, under the PIC Scheme (for qualifying small and medium-sized enterprises) which took effect from YA 2015. As announced in the Singapore Budget Announcement 2016, the payout rate under the PIC Scheme will be lowered from 60% (from YAs 2011 to 2015) to 40% for qualifying expenditure incurred on or after 1 August 2016.

## REGULATORY OVERVIEW

### CPF CONTRIBUTIONS

CPF is a mandatory social security savings scheme funded by contributions from employers and employees. Under the CPFA, we are required to pay to the CPF by the end of each month in respect of each employee, who is either a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed in the CPFA. As a private sector employer, we are required to pay CPF contributions monthly to our qualifying employees who also contribute to the CPF as follows:

#### Contribution rates for private sector employees from 1 January 2015

Employee’s age (years)	<b>Contribution Rates from 1 January 2015</b> (for monthly wages ≥ \$750)		
	By Employer (% of wage)	By Employee (% of wage)	Total (% of wage)
35 and below	17	20	37
Above 35 to 45	17	20	37
Above 45 to 50	17	20	37
Above 50 to 55	16	19	35
Above 55 to 60	12	13	25
Above 60 to 65	8.5	7.5	16
Above 65	7.5	5	12.5

#### Contribution rates for private sector employees from 1 January 2016

Employee’s age (years)	<b>Contribution Rates from 1 January 2016</b> (for monthly wages ≥ \$750)		
	By Employer (% of wage)	By Employee (% of wage)	Total (% of wage)
55 and below	17	20	37
Above 55 to 60	13	13	26
Above 60 to 65	9	7.5	16.5
Above 65	7.5	5	12.5

The penalties that employers may face for not complying with the CPF Act are as follows:

- (a) late payment interest charged at 18% per annum (1.5% per month), starting from the first day of the following month after the contributions are due. The minimum interest payable is \$5 per month;
- (b) a fine of up to S\$5,000 and no less than S\$1,000 per offence and/or up to six months’ imprisonment;
- (c) a fine of up to S\$10,000 and no less than S\$2,000 per offence and/or 12 months imprisonment for repeat offenders; and/or

## REGULATORY OVERVIEW

- (d) fine of up to S\$10,000, imprisonment of up to seven years or both if the employer made a deduction to the employee’s share of CPF contributions but failed to pay the contributions to CPF Board.

### **Goods and Services Tax (“GST”)**

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%.

### **Personal Data Protection Act 2012 (“PDPA”)**

Personal data in Singapore is protected under the PDPA. The PDPA governs the collection, use, disclosure and care of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider legitimate and reasonable in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified (a) from that data; or (b) from that data and other information to which the organisation has, or is likely to have access.

Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals: obligations of obtaining consent, giving notification and access and correction rights to the aforesaid individuals, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected, ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.