HON CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8259

SHARE OFFER

Sole Sponsor

富強金融資本
FORTUNE FINANCIAL CAPITAL

Sole Bookrunner

一盈證券有限公司
I WIN SECURITIES LTD.

Joint Lead Managers

一盈證券有限公司
I WIN SECURITIES LTD.

聯合證券
Head & Shoulders Securities

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

HON CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**120,000,000 Shares**
Number of Public Offer Shares	**:**	**12,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**108,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.60 per Offer Share and expected to be not less than HK$0.50 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**8259**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, 25 October 2018 (Hong Kong time) or such later date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Offer Price will be not more than HK$0.60 per Offer Share and is expected to be not less than HK$0.50 per Offer Share unless otherwise announced. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.honindustries.com.sg**.

If, for any reason, our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) are unable to agree on the Offer Price on or before Friday, 2 November 2018 (Hong Kong time) or such later date may be agreed by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

Prior to making any investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Share Offer should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

22 October 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement and Gazette newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

If there is any change in the following expected timetable of the Share Offer, we will issue a separate announcement in Hong Kong to be posted on the website of our Company at ***www.honindustries.com.sg*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

	Date *(Note 1)*
Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m., Monday, 22 October 2018
Latest time to complete electronic applications under the **HK eIPO White Form** Service through the designated website at **www.hkeipo.hk** *(Note 2)*	11:30 a.m., Thursday, 25 October 2018
Application lists of the Public Offer open *(Note 3)*	11:45 a.m., Thursday 25 October 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give electronic application instructions to HKSCC *(Note 4)*	12:00 noon, Thursday, 25 October 2018
Latest time to complete payment of **HK eIPO White Form** application by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon, Thursday, 25 October 2018
Application lists of the Public Offer close *(Note 3)*	12:00 noon, Thursday, 25 October 2018
Expected Price Determination Date *(Note 5)*	Thursday, 25 October 2018
Announcement of (i) the final Offer Price; (ii) the indication of the levels of interest in the Placing; (iii) the level of applications in the Public Offer; and (iv) the basis of allotment of the Public Offer Shares under the Public Offer to be published on the website of our Company at **www.honindustries.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Tuesday, 6 November 2018
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares — 11. Publication of results" in this prospectus from	Tuesday, 6 November 2018

Date
(Note 1)

Results of allocation in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" on ..... Tuesday, 6 November 2018

Despatch/collection of share certificates and/or deposit of the share certificate into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before *(Notes 6, 7)* ..... Tuesday, 6 November 2018

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before *(Notes 6, 7)* ..... Tuesday, 6 November 2018

Dealings in the Shares on GEM expected to commence at 9:00 a.m. on ..... Wednesday, 7 November 2018

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated in this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 25 October 2018, the application lists will not open or close on that day. Further information is set forth in the paragraph headed "How to Apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.

4. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC Via CCASS should refer to the paragraph headed "How to Apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Thursday, 25 October 2018. If, for any reason, the final Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$0.60 per Offer Share, applicants must pay the maximum Offer Price of HK$0.60 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

6. e-Auto Refund payment instructions and refund cheques will be made/issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part

of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

7. Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 6 November 2018. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar.

   Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more Public Offer Shares under the Public Offer and have provided all information required by Application Forms, they may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for **WHITE** Application Form applicants.

   Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed "How to Apply for the Public Offer Shares — 14. Despatch/collection of share certificates and refund monies" in this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.

Page(s)

Characteristics of GEM i

Expected Timetable ii

Contents v

Summary 1

Definitions 11

Glossary of Technical Terms 24

Forward-looking Statements 28

Risk Factors 30

Information about this Prospectus and the Share Offer 47

Directors and Parties Involved in the Share Offer 52

Corporate Information 56

Industry Overview 58

Regulatory Overview 68

CONTENTS

Page(s)

History, Reorganisation and Group Structure 93

Business 100

Directors, Senior Management and Employees 169

Relationship with Controlling Shareholders 182

Substantial Shareholders 187

Connected Transactions 189

Share Capital 194

Financial Information 197

Future Plans and Use of Proceeds 244

Underwriting 258

Structure and Conditions of the Share Offer 267

How to Apply for the Public Offer Shares 274

Appendix I — Accountants' Report I-1

Appendix II — Unaudited Pro Forma Financial Information II-1

Appendix III — Property Valuation Report III-1

Appendix IV — Summary of the Constitution of our Company and Cayman Companies Law IV-1

Appendix V — Statutory and General Information V-1

Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection VI-1

OVERVIEW

Our Group primarily acts as a main contractor in building and infrastructure projects and interior decoration projects in the public and private sectors in Singapore and we have more than 15 years of experience in building and infrastructure projects involving various types of buildings, including institutions, industrial, commercial and residential buildings in both the public and private sectors. We also act as a main contractor in term contracts in the public sector in Singapore which are contracts entered into for a certain duration for the provision of, among others, maintenance services, repairs and renovations, pursuant to work orders issued by our customers during the term of the contract.

We successfully secured high value contracts to act as the main contractor for building and infrastructure projects during the Track Record Period that included an institution project with an initial contract value of approximately S$62.1 million for a project duration of approximately two years, a public park project with an initial contract value of approximately S$59.6 million for a project duration of approximately two years, and a public housing improvement project with an initial contract value of approximately S$21.9 million for a project duration of approximately two years.

During the Track Record Period, we were engaged in (i) 11, six, and four building and infrastructure projects, which contributed to approximately 79.9%, 84.4%, and 70.8%; (ii) five, six, and two interior decoration projects, which contributed to approximately 20.1%, 9.0%, and 7.3%; and (iii) nil, three, and four term contracts, which contributed to approximately nil, 6.6%, and 21.9%, of our total revenue for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. For more information, please refer to the section headed ''Business — Overview'' in this prospectus.

OUR PRINCIPAL BUSINESS ACTIVITIES

As a main contractor in building and infrastructure projects, our responsibilities typically include project management, supply or procurement of the supply of materials, engagement of subcontractors, ensuring that the works are performed in accordance with the contract specification and customers' requirements, and liaising with various professional parties to ensure the project is on schedule. Our building and infrastructure projects are typically for a duration of between one and three years. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, approximately S$43.9 million, S$85.1 million, and S$27.3 million of our total revenue, representing approximately 79.9%, 84.4%, and 70.8%, respectively, was derived from building and infrastructure projects.

For our interior decoration projects, our scope of works typically involves the decorative element of the interior of an institution, apartment, office or other structural space, and the duration of our engagement for such interior decoration projects varies depending on the scale and complexity of the project. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, approximately S$11.1 million, S$9.1 million, and S$2.8 million of our total revenue, representing approximately 20.1%, 9.0%, and 7.3%, respectively, was derived from interior decoration projects.

We were awarded our first term contract in 2016. For our term contracts with our customers from the public sector, we provide a range of works and services including repairs and renovations, A&A works, interior decoration and the installation of M&E systems, which are executed during the course of our engagement which is typically for a duration of between two and three years, with some contracts offering an option to extend our engagement for an additional duration of between one and three years. For the financial year ended 31 December 2017 and the four months ended 30 April 2018, approximately nil, S$6.6 million, and S$8.4 million of our total revenue, representing approximately nil, 6.6%, and 21.9%, respectively, was derived from our term contracts.

COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Frost & Sullivan Report, the Singapore construction services industry is fragmented, representing a highly competitive landscape with each market player having a fraction of the market share. Based on the Frost & Sullivan Report as at the Latest Practicable Date, 1,811 companies were registered in the CRS under the CW01 workhead for ''General Building'', and 993 companies were registered in the CRS under the CW02 workhead for ''Civil Engineering''. The total certified progress payment of the Singapore construction services industry was S$28,146.1 million for

the financial year ended 31 December 2017. Based on our revenue for the financial year ended 31 December 2017, we were ranked 21st in the construction services industry in Singapore in the Frost & Sullivan Report with a market share of 0.36%. Please refer to the section headed ''Industry Overview — Competitive landscape analysis'' in this prospectus for more information.

We believe our competitive strengths include (i) our solid track record in undertaking a comprehensive scope of services and a wide variety of projects in building and infrastructure projects in Singapore, (ii) our focus on value engineering, (iii) our consistency in providing reliable, timely and quality services to our customers, and (iv) our experienced and dedicated senior management team, who each have, along with our executive Directors, over ten years of experience in the building and construction industry in Singapore. Please refer to the section headed ''Business — Competitive strengths'' in this prospectus for more information.

BUSINESS STRATEGIES AND USE OF PROCEEDS

We intend to maintain sustainable growth in our business and create long-term shareholders' value by (i) expanding our business and strengthening our market position in the building and construction industry in Singapore, (ii) expanding and enhancing our workforce and improving productivity through the purchase of additional software, and (iii) reconfiguring our current properties and renting additional office space to keep up with our business expansion.

We estimate that the aggregate net proceeds from the Share Offer to be received by us (after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer), will be approximately HK$36.9 million (based on the mid-point of our indicative Offer Price of HK$0.55 per Share), which will be applied as follows:

- approximately HK$16.6 million representing 45.0% of the total net proceeds to be applied for the recruitment of additional senior supervisors, skilled workers and operators;
- approximately HK$14.7 million representing 40.0% of the total net proceeds to be applied for the acquisition of new machinery and equipment including but not limited to air compressors, scissor lifts, lorry cranes, forklifts, boom lifts, mini excavators, concrete mixers, wood chip machines, bending machines and water tank truck;
- approximately HK$1.5 million representing 4.0% of the total net proceeds to be applied for the reconfiguration of current properties and rental of new office;
- approximately HK$0.4 million representing 1.0% of the total net proceeds to be applied for the investment in software and provision of staff training; and
- approximately HK$3.7 million representing 10.0% of the total net proceeds will be used for our general working capital and other general corporate purposes.

Please refer to the sections headed ''Business — Business Strategies'' and ''Future Plans and Use of Proceeds'' in this prospectus for more information.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enables us to carry on our business activities, in particular, our GB1 Licence granted under the BLS. We are also registered under the CW01 (General Building) workhead under the CRS with an A2 grading, which enables us to undertake all types of building works, A&A work on buildings involving structural changes, and the installation of roofs for any public sector projects with a contract value of up to S$85.0 million. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge, information and belief, there is no impediment that may affect the renewal of our Group's requisite licences, registrations and certifications. Please refer to the section headed ''Business — Main licences and registrations'' in this prospectus for more information.

SALES AND MARKETING

During the Track Record Period, we did not engage in any material marketing activities other than our executive Directors' liaising with our private sector customers. We monitor the GeBIZ as well as BCI Asia on a daily basis for suitable public tenders and any new public and/or private tender opportunities in the building and construction industry in Singapore. We are also often given referrals for private sector customers by architects or external consultants with whom we have good working relationships with.

Our pricing is generally prepared on a cost-plus basis, and depends on various factors including but not limited to (i) the scale, complexity and specifications of the project, (ii) the construction schedule, (iii) the estimated working hours required, (iv) our available capacity and resources, (v) site conditions and restraints, (vi) our potential to optimize or share resources for concurrent projects located in proximity to each other, (vii) prevailing market price/competitive environment, (viii) indicative pricing from our suppliers and subcontractors, and (ix) our past experience in tendering for similar projects. Please refer to the section headed "Business — Sales and marketing" in this prospectus for more information.

TENDER SUCCESS RATES

During the Track Record Period, our projects come from mainly three sources, namely (i) new building and construction opportunities in both the public and private sectors as published on BCI Asia; (ii) open tender opportunities published on GeBIZ; and (iii) invitations to tender from private customers.

For the two financial years ended 31 December 2017, we submitted 43 and 62 public sector tenders (of which five and three tenders were awarded to us), and 24 and 19 private sector tenders (of which three and nil tenders were awarded to us), respectively. For the four months ended 30 April 2018, we submitted 13 public sector tenders and five private sector tenders, of which (i) two private sector tenders were awarded to us, and (ii) the outcomes for ten public sector tenders and three private sector tenders are still pending as at 30 April 2018. Our overall tender success rates during the Track Record Period were 11.9%, 3.7% and 11.1%, respectively.

Our Directors consider that our overall tender success rates during the Track Record Period were satisfactory given that we have secured a stable number of contracts of eight, three, and two projects in each of the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. Please refer to the section headed "Business — Project management and operations — Tender phase — Tender success rate" in this prospectus for more information on our overall tender success rates.

CUSTOMERS

Our customers include Singapore Government agencies (including statutory boards) and private companies (including housing developers, healthcare providers, institutions of learning, commercial building owners and industrial building owners) in Singapore. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, we were engaged by 21 customers, and revenue from our top five customers amounted to approximately S$48.4 million, S$92.0 million, and S$36.0 million, representing approximately 88.0%, 91.3%, and 93.4% of our total revenue, respectively. Revenue from our largest customer for the same periods amounted to approximately S$23.3 million, S$38.2 million and S$16.6 million, representing approximately 42.4%, 37.9%, and 43.1% of our total revenue, respectively. Despite the concentration of revenue in our top five customers during the Track Record Period, we believe our business model is sustainable as it is not uncommon in our industry for a single project with high contract value to contribute to a substantial amount of our revenue for a longer contracting period, and we believe that our established track record and wide variety of high value contracts in our Group's portfolio will contribute to the growth of our Group's business in the long run. Please refer to the section headed "Business — Customers" in this prospectus for more information.

SUPPLIERS AND SUBCONTRACTORS

Our purchases are mainly from suppliers in Singapore and our main purchases include ready-mixed concrete, reinforcing bars, rental of machinery and equipment and hardware. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, purchases from our top five suppliers amounted to approximately S$5.2 million, S$6.1 million, and S$2.8 million, representing approximately 10.6%, 6.7%, and 8.1% of our total costs of services, respectively. Purchases from our largest supplier for the same periods amounted to approximately S$2.3 million, S$1.8 million, and S$0.9 million, representing approximately 4.6%, 2.0%, and 2.6% of our total costs of services, respectively. Please refer to the section headed "Business — Suppliers" in this prospectus for more information.

As a main contractor, we usually engage subcontractors on a project basis for specialised works such as reinforcement concrete works, plumbing works, ACMV, steel structure works, and aluminium works, as we may not have the relevant expertise or capacity to perform such specialised works. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, the total amount paid to our top five subcontractors for subcontracting works amounted to approximately S$14.0 million, S$19.8 million, and S$10.4 million, representing approximately 28.6%, 22.1%, and 30.0% of our total costs of services, respectively. Our largest subcontractor fee for the same periods amounted to approximately S$4.3 million, S$6.8 million, and S$5.4 million, representing approximately 8.8%, 7.6%, and 15.7% of our total costs of services, respectively. Please refer to the section headed "Business — Subcontractors" in this prospectus for more information.

LITIGATION

As at the Latest Practicable Date, we were involved in a litigation claim arising from a dispute with our subcontractor for outstanding payment in respect of works performed at our Project Park worksite, for which legal proceedings are still ongoing and settlement has not been reached. Save as aforementioned, during the Track Record Period and up to the Latest Practicable Date, our Group was not involved in any other actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition. Please refer to the section headed "Business — Litigation" in this prospectus for more information.

NON-COMPLIANCE

On 16 May 2017, we were involved in an accidental fire incident at our Project International School work site, which occurred due to our subcontractors' employees incorrectly performing hot work activities that started the fire. As a result of this incident, two of our subcontractors' employees suffered from smoke inhalation, and a partial stop work order was issued on 17 May 2017 and subsequently lifted on 5 June 2017. We were also issued five demerit points by the MOM under the Demerit Points System. Please refer to the section headed "Business — Environmental, health and workplace safety policy — Workplace safety and health non-compliance" in this prospectus for more information.

During the Track Record Period and up to the Latest Practicable Date, we were involved in 20 non-compliance incidents at different work sites relating to, among others, environmental matters resulting in the imposition of composition fines amounting to an aggregate of S$87,300. All of the non-compliances have been rectified and additional measures have been implemented to prevent recurrence. Please refer to the sections headed "Business — Environmental, health and workplace safety policy — Workplace safety and health non-compliance" and "Business — Environmental, health and workplace safety policy — Environmental non-compliance" in this prospectus for more information.

RISK FACTORS

The material risks relating to our business relate to (i) our top five customers accounted for over 90% of our total revenue during the Track Record Period, (ii) failure to secure new projects given the non-recurring nature of our projects, (iii) fluctuations in our revenue, profitability, cash flows and liquidity position as well as liquidity risk arising from our indebtedness and high gearing ratio, (iv) delays in collecting our receivables or in the release of retention monies may affect our liquidity position, and (v) liquidity risk in relation to our future business plans. The material risks relating to the industry in which we operate include (i) fluctuation in the building and construction industry in

Singapore, (ii) shortage of skilled foreign workers, and (iii) the inherent industrial risks and occupational hazards of our business. Please refer to the section headed "Risk Factors" in this prospectus for more information.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth a summary of our combined financial statements for the Track Record Period, which was derived from the Accountants' Report set out in Appendix I to this prospectus:

	For the financial year ended 31 December		For the four months ended 30 April	
	2016	2017	2017	2018
	(S$'000)	*(S$'000)*	*(S$'000)*	*(S$'000)*
Continuing operations				
Revenue	54,942	100,841	34,517	38,540
Gross profit	5,952	10,997	3,950	3,846
Listing expenses for the year/period	—	—	—	(1,969)
Profit/(loss) before taxation	1,369	6,385	2,280	(124)
Profit/(loss) for the year/period from continuing operations	1,214	5,188	1,845	(445)
Discontinued operations *(Note)*				
Profit/(loss) for the year/period from discontinued operations	43	(395)	(291)	—
Profit/(loss) for the year/period	1,257	4,793	1,554	(445)
Profit/(loss) for the year/period (excluding listing expenses)	1,257	4,793	1,554	1,524

Note: On 31 December 2017, Hon Industries disposed of its 57.9% shareholding interest in Advanced Engineering, which was in the business of providing manufacturing and repairing services in the oil and gas industry.

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, our Group received government grants under (i) the Mechanisation Credit ("**MechC**") scheme of approximately S$100,000, S$35,000, and nil, respectively; and (ii) the Special Employment Credit ("**SEC**") scheme of approximately S$7,700, S$4,440 and S$1,110 for the same periods, respectively. In addition, we enjoyed enhanced allowances under the Productivity and Innovation Credit ("**PIC**") scheme of approximately S$141,000 for the financial year ended 31 December 2016.

Our Group's operations are located in Singapore and our revenue was principally derived from construction works in public and private sectors for our (i) building and infrastructure projects, (ii) interior decoration projects, and (iii) term contracts. During the Track Record Period, our public sector projects mainly involve works commissioned by various Singapore statutory boards, whereas private sector projects mainly involve projects commissioned by privately-owned companies, including housing developers, healthcare providers, institutions of learning, commercial building owners and industrial building owners in Singapore.

For the four months ended 30 April 2017 and 30 April 2018, our revenue increased by approximately S$4.0 million or 11.6%, which was mainly attributed to the commencement and work done on three term contract works, which contributed approximately S$6.6 million to our revenue for the four months ended 30 April 2018.

Our costs of services mainly comprise costs that are directly related to our project works such as subcontracting costs, material costs, staff costs, and overheads, which amounted to approximately S$49.0 million, S$89.8 million, and S$34.7 million for the two financial years ended 31 December 2017

and the four months ended 30 April 2018, respectively. For more information, please refer to the section headed ''Financial Information — Principal components of combined statements of profit or loss'' in this prospectus.

Our gross profit increased by approximately S$5.0 million or 84.8% for the financial year ended 31 December 2017 and our gross profit margin was largely consistent for the two financial years ended 31 December 2017 at approximately 10.8% and 10.9%, respectively. Our gross profit was largely stable for the four months ended 30 April 2017 and 2018 at approximately S$4.0 million and S$3.8 million, respectively, and our gross profit margin was approximately 11.4% and 10.0% for the same periods. For more information, please refer to the section headed ''Financial Information — Principal components of combined statements of profit or loss — Gross profit'' in this prospectus.

	For the financial year ended 31 December						For the four months ended 30 April					
	2016			2017			2017			2018		
	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin
	S$'000	*S$'000*	*%*	*S$'000*	*S$'000*	*%*	*S$'000*	*S$'000*	*%*	*S$'000*	*S$'000*	*%*
Public	17,361	2,904	16.7	56,458	4,608	8.2	14,376	1,382	9.6	24,172	2,182	9.0
Private	37,581	3,048	8.1	44,383	6,389	14.4	20,141	2,568	12.8	14,368	1,664	11.6
	54,942	5,952	10.8	100,841	10,997	10.9	34,517	3,950	11.4	38,540	3,846	10.0

Our gross profit margin in the financial year ended 31 December 2016 from public sector was higher mainly due to profit margin of approximately 27.7% contributed by Project Offshore which was completed in September 2016, the higher margin was achieved through invited tender.

Our gross profit margin from public sector was lower than our gross profit margin from private sector during the financial year ended 31 December 2017 and four months ended 30 April 2017 and 2018. In comparison to private sector projects, we have made competitive tender price for those projects in the public sector undertaken by us during the Track Record Period in order to have higher chance in securing projects in the public sector.

Please refer to the section headed ''Financial Information — Review of historical results of operations'' in this prospectus for further information.

Highlight of combined statements of financial position

	As at 31 December		As at 30 April
	2016	2017	2018
	(S$'million)	*(S$'million)*	*(S$'million)*
Non-current assets	19.9	15.1	15.9
Current assets	33.8	50.5	46.9
Current liabilities	36.2	48.1	46.1
Net current (liabilities) assets	(2.5)	2.4	0.8
Non-current liabilities	8.7	6.5	6.1
Net assets	8.7	10.9	10.6

We recorded net current liabilities position of approximately S$2.5 million as at 31 December 2016, and improved to a net current assets position of approximately S$2.4 million as at 31 December 2017, which was primarily attributed to the increase in our trade receivables, amounts due from customers for construction works, and bank balances and cash generated from our profitable operations during the year.

Our Group's net current liabilities position as at 31 December 2016 was mainly attributable to (i) the lower position of contract assets, which was mainly due to the combined effect of less on-going projects as at 31 December 2016, and some projects with relatively large contract value were still at an

early stage; (ii) the purchase of plant and equipment by cash settlement amounted to approximately S$1.2 million in 2016; and (iii) the short-term loan drawn for working capital of approximately S$2.2 million and bills payables utilised for financing our cost of services of approximately S$9.2 million.

Our Group recorded accumulated losses of approximately S$1.3 million as at 1 January 2016 and S$0.1 million as at 31 December 2016. The accumulated losses before the Track Record Period was mainly attributable to:

(i) The thin gross profit margins recognised, and losses incurred on several projects due to unforeseen circumstances and/or contract extension as a result of changes, thereby increasing our costs. In addition, in the year immediately prior to the Track Record Period, we recorded a relatively low gross profit margin of approximately 4.3% as certain projects had lower profit margins and we faced losses on certain projects which the building types we had limited experience in, which resulted in an overall loss position with a net profit margin of approximately negative 6.1% as our operating expenses were not fully covered by the gross profit in the year; and

(ii) Prior to 1 January 2016, we declared and paid dividends which reduced the retained profits of our Group.

The accumulated losses have since improved during the financial year ended 31 December 2017 and we recorded an accumulated profits position of approximately S$1.7 million as at 31 December 2017 due to profitable operations of our Group attributable to projects with higher profit margins undertaken during the two financial years ended 31 December 2017. Comparing to the overall gross profit margin of approximately 4.3% for the financial year ended 31 December 2015, the overall gross profit margin for our Group for the financial years ended 31 December 2016 and 2017 were improved to approximately 10.8% and 10.9%, respectively, which was mainly attributable to the following projects:

(i) Certain projects which were completed during the Track Record Period achieved a relatively high gross profit margin. For instance, Project Healthcare, Project Offshore and Project Amenity Centre generated an aggregated amount of revenue of approximately S$19.9 million with gross profit margin of approximately 35.6%, 34.9%, and 23.8%, respectively; and

(ii) Project International School and Project Park, our two largest ongoing projects during the Track Record Period, generated a substantial amount of revenue to our Group during the Track Record Period of approximately S$93.6 million in aggregate, with a considerable gross profit margin of approximately 13.3% and 14.8%, respectively.

For further details of our accumulated (losses)/profits, please refer to the section headed "Financial Information — Accumulated (losses)/profits" in this prospectus.

Cash flows

	For the year ended 31 December		**For the four months ended 30 April**	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Net operating cash flow before change in working capital	3,316	7,480	2,471	635
Net cash (used in)/generated from operating activities	(3,177)	(1,974)	22	7,776
Net cash (used in)/generated from investing activities	(1,751)	1,117	(855)	(193)
Net cash (used in)/generated from financing activities	(1,189)	3,078	3,578	(4,861)
Cash and cash equivalents at end of the year/period	(310)	1,911	2,435	4,633

Our net cash used in operating activities for the financial year ended 31 December 2016 was approximately S$3.2 million, which was mainly attributable to due to the mismatch in time between billing received from our suppliers and subcontractors and our work certification and progress claims which resulted in the decreases in cash related to changes in working capital during the year, particularly (i) for the settlement of trade and other payables due to more prompt invoicing received from our suppliers, and (ii) from the increase in contract assets mainly attributable to two projects, namely Project International School and Project Park, as significant cost was incurred for certain works such as site clearance, site ground excavation and site ground preparation which was done in December 2016 but was only subsequently billed in January 2017 as these works are generally claimable to client at a later stage while such cost has been fully claimed by our subcontractors upon their completion of the relevant works.

Our net cash used in operating activities for the financial year ended 31 December 2017 was approximately S$2.0 million, which was mainly due to the decreases in cash related to changes in working capital during the year, particularly (i) from the increase in contract assets as certain cost incurred for works related to variation order in late 2017 for Project International School was only subsequently billed in 2018 as variation order works usually take longer to be certified by the client; (ii) from the increase in deposits, prepayments and other receivables attributed to the outstanding balances on (a) the prepayments made to subcontractor for Project Housing, as we were required to provide a downpayment to the major subcontractors for the indent of some building materials and (b) the insurance claims receivables as at the financial year ended 31 December 2017 of approximately S$2.8 million from a fire incident occurred at a project site as discussed under section headed "Financial Information — Principal Components of Combined Statements of Profit or Loss — Other gains or losses" in this prospectus.

Our net cash generated from operating activities for the four months ended 30 April 2018 was approximately S$7.8 million, which was mainly due to the increases in cash related to changes in working capital during the period, particularly (i) from the decrease in the trade receivables of approximately S$4.2 million largely due to prompt settlement by our customer, Project Park; (ii) from the decrease in deposits, prepayments and other receivables of approximately S$1.1 million, largely due to the decrease in other receivables of S$1.8 million due to settlement of amounts due from Advanced Engineering during the four months ended 30 April 2018; (iii) from the increase in the contract assets and decrease in contract liabilities of approximately S$1.6 million in aggregate; and (iv) from the increase in the trade and other payables of approximately S$3.5 million, largely attributable to the commencement of Project Park Connector and increase in work performed in relation to Project Housing, Project Residential and Project Park.

For further details on our Group's operating cash flow during the Track Record Period, please refer to the sections headed "Financial Information — Liquidity and Capital Resources — Operating activities" and "Financial Information — Discussion on Selected Balance Sheet Items — Trade receivables" in the Financial Information section of this prospectus.

Key financial ratios

	For the financial year ended/ As at 31 December		For the four months ended/ As at 30 April
	2016	**2017**	**2018**
Current ratio	0.9 time	1.0 time	1.0 time
Gearing ratio	2.4 times	2.1 times	1.7 times
Net debts to equity ratio	2.2 times	1.8 times	1.2 times
Gross profit margin	10.8%	10.9%	10.0%
Net profit margin	2.3%	4.8%	(1.2%)
Net profit margin (excluding listing expenses)	2.3%	4.8%	4.0%
Return on total assets	2.3%	7.3%	N/A
Return on equity	14.4%	43.9%	N/A

Note: Gearing ratio is calculated as total debts (borrowings, finance lease obligations, and bills payables) divided by total equity as at the respective reporting dates. Please refer to the section headed "Financial Information — Key financial ratios" of this prospectus for the method of calculation of the above other key financial ratios.

LISTING EXPENSES

During the four months ended 30 April 2018, we had incurred and recognised approximately S$2.0 million listing expenses in the profit and loss account. The total estimated expenses in relation to the Listing (based on the mid-point of our indicative Offer Price of HK$0.55 per Share) is approximately HK$29.1 million (equivalent to approximately S$5.2 million). Out of the estimated listing expenses of approximately HK$29.1 million (equivalent to approximately S$5.2 million) to be borne by us, approximately HK$18.7 million (equivalent to approximately S$3.3 million) is expected to be charged to the profit or loss of our Group for the financial year ending 31 December 2018 while approximately HK$10.4 million (equivalent to approximately S$1.9 million) is to be accounted for as an equity deduction. The recognition of the listing expenses is expected to materially affect our financial results for the year ending 31 December 2018. The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

REASONS FOR THE LISTING

Our Directors believe that the Listing on the Stock Exchange will benefit our Group as it will (i) strengthen our market position in the building and construction industry in Singapore; (ii) provide our Group with additional working capital for the expansion of our operations, and implementation of our future plans and business strategies; (iii) enhance our credibility and visibility in the building and construction industry in Singapore, where a publicly-listed contractor may be viewed as one with higher standards of corporate governance and financial disclosure; and (iv) strengthen our competitiveness against our competitors. Please refer to the sections headed "Business — Business strategies" and "Future Plans and Use of Proceeds — Reasons for the Listing" in this prospectus for more information.

We have noted various other Singapore companies listing in Hong Kong in recent years and having sought the advice of advisers on the benefits that come along with a Hong Kong listing as compared to other jurisdictions, and we believe that the Stock Exchange would be the most suitable platform to raise our brand awareness and reputation and for fund raising given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies. Our Directors confirmed that other than this Listing, no application has been submitted for listing on any other stock exchange.

RECENT DEVELOPMENTS

We have continued to focus on strengthening our market position in the building and construction industry in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period, with no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had materially or adversely affected or would affect our business operations or financial condition. As at the Latest Practicable Date, we did not experience any significant drop in revenue or increase in costs of services or other costs (apart from listing expenses incurred) as there were no significant changes to the general business model of our Group. From 1 May 2018 up to the Latest Practicable Date, we have submitted 39 tenders amounting to a total contract value of approximately S$347.9 million (among which the results of 24 tenders amounting to a total contract value of approximately S$264.4 million are still pending as at the Latest Practicable Date). As at the Latest Practicable Date, we have 14 ongoing projects with an aggregate contract sum of approximately S$296.3 million, of which approximately S$108.9 million and S$70.0 million are expected to be recognised as revenue in the financial years ending 31 December 2018 and 2019, respectively. Please refer to the section headed "Business — Our business model — Our projects — Ongoing projects as at the Latest Practicable Date" in this prospectus for more details.

Based on our ongoing projects and our business operations as at the Latest Practicable Date, our Directors do not foresee any material adverse change in our revenue for the financial year ending 31 December 2018. Notwithstanding the foregoing, our Directors expect that our Group will record a decline in net profit for the financial year ending 31 December 2018 due to the recognition of the listing expenses, as discussed in the paragraph headed "Listing expenses" above in this section. Our Directors further confirm that save for the impact of the listing expenses, there has been no event, nor material adverse change in our financial or trading position or prospects since 30 April 2018 and up to the date of this prospectus, which would have materially affected the information presented in our combined financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

OFFERING STATISTICS

The following table sets forth the statistics under the Share Offer:

	Based on the Offer Price of HK$0.50 per Offer Share	**Based on the Offer Price of HK$0.60 per Offer Share**
Market Capitalisation *(Note 1)*	HK$240.0 million	HK$288.0 million
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to the owners of our Company *(Note 2)*	HK$0.21	HK$0.24

Notes:

1. The calculation of market capitalisation is based on the 480,000,000 Shares expected to be in issue immediately upon completion of the Share Offer.

2. For the calculation of the unaudited pro forma adjusted combined net tangible asset value per Share attributable to the Shareholders, please refer to the section headed "A. Unaudited Pro Forma Statement of Adjusted Combined Net Tangible Assets" in Appendix II to this prospectus.

DIVIDENDS

We have not paid any dividends for the financial year ended 31 December 2016. During the financial year ended 31 December 2017, an interim dividend of approximately S$3.5 million has been declared and such dividends was settled by offsetting the amounts due from our Controlling Shareholders, Mr. Ho and Mr. Lim. For the four months ended 30 April 2018, no dividends were declared.

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the Listing. Please refer to the section headed "Financial Information — Dividends" in this prospectus for further information.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will hold/be interested in 360,000,000 Shares, representing 75% in aggregate of the total issued share capital of our Company. Mr. Ho and Mr. Lim (through Bizstar Global, the principal business of which is investment holding) will in aggregate control 75% of the Shares in issue. As such, Bizstar Global, Mr. Ho and Mr. Lim will be regarded as a group of Controlling Shareholders which holds a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue.

In this prospectus, the following expressions and terms shall have the meanings set out below unless the context otherwise requires.

"Accountants' Report"	the accountants' report of our Group prepared by the reporting accountants as set out in Appendix I to this prospectus
"ACRA"	the Accounting and Corporate Regulatory Authority, which is the national regulator of business entities and public accountants in Singapore
"Advanced Engineering"	Advanced Engineering Group (International) Pte. Ltd., a private company limited by shares and incorporated in Singapore on 6 June 2012 and disposed of by our Group pursuant to the Reorganisation
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on 4 October 2018 to become effective upon the Listing Date, and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"associate(s)" or "close associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Audit Committee"	the audit committee of our Board
"BCA" or "Building and Construction Authority"	the Building and Construction Authority of Singapore, a statutory board established under the Ministry of National Development of Singapore that is responsible for the development and regulation of the building and construction industry in Singapore
"BCA Academy"	the education and research arm of BCA
"BCI Asia"	BCI Asia, an online information provider for new developments in the building and construction industry in Singapore
"BCISPA" or "Building and Construction Industry Security of Payment Act"	the Building and Construction Security of Payment Act (Chapter 30B of the laws of Singapore) as amended, supplemented or otherwise modified from time to time

"bizSAFE"	a five-step programme to assist companies in building up their workplace safety and health capabilities in order to achieve quantum improvements in safety and health standards at the workplace, and organised under the Workplace Safety and Health Council of Singapore
"bizSAFE STAR"	the highest bizSAFE level that may be awarded under the bizSAFE programme
"Bizstar Global"	Bizstar Global Limited, a company incorporated in the BVI with limited liability on 30 October 2017 and owned as to 70% by Mr. Ho and 30% by Mr. Lim and will be one of our Controlling Shareholders upon Listing
"BLS" or "Builders Licensing Scheme"	the Builders Licensing Scheme administered by BCA, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency
"Board"	the board of Directors from time to time or a duly authorised committee thereof
"Building Control Act"	the Building Control Act (Chapter 29 of the laws of Singapore) as amended, supplemented or otherwise modified from time to time
"Business Day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal business to the public
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 359,999,900 new Shares to be made upon capitalisation of part of the sum standing to the credit of the share premium account of our Company as referred to in the paragraph headed "Further Information about our Company and its Subsidiaries — 3. Resolutions in writing of the sole Shareholder passed on 4 October 2018" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Central Provident Fund Act"	the Central Provident Fund Act (Chapter 36 of the laws of Singapore) as amended, supplemented or otherwise modified from time to time
"Chairman"	the chairman of our Board
"Co-Lead Manager"	Alpha Financial Group Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO
"Companies Act"	the Companies Act (Chapter 50 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Companies Law" or "Cayman Islands Companies Law" or "Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance" or "Companies Ordinance (Miscellaneous Provisions)"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Hon Corporation Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 8 February 2018
"connected person(s)" or "core connected person(s)"	has the same meaning ascribed thereto under the GEM Listing Rules
"connected transaction(s)"	has the same meaning ascribed thereto under the GEM Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and as at the date of this prospectus, the Controlling Shareholders of our Company are Bizstar Global, Mr. Ho and Mr. Lim
"CPF" or "Central Provident Fund"	Central Provident Fund of Singapore which is a security savings scheme funded by contributions from employers and employees
"CRS" or "Contractors Registration System"	Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders for the public sector are required to register under this system
"Cost of Funds"	Interest rate of the bank for obtaining matching tenure deposits from the Singapore interbank market plus the cost of maintaining statutory reserves and complying with the liquidity and administrative costs as determined by the bank and other requirements imposed from time to time by regulatory authorities or market conditions
"Deed of Indemnity"	the deed of indemnity dated 4 October 2018 and executed by each of our Controlling Shareholders (as indemnifiers), in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed "Other information — 14. Tax indemnity" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 4 October 2018 and executed by each of our Controlling Shareholders, in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the section headed "Relationship with Controlling Shareholders — Non-competition undertaking" in this prospectus
"demerit points"	points that will be issued by MOM to contractors in the building and construction sector in Singapore for breaches and infringements under the Workplace Safety and Health Act, details of which are set out in the section headed "Regulatory Overview — Laws and Regulations Relating to our Business in Singapore — Workplace Safety and Health Laws and Regulations" in this prospectus
"Director(s)"	the director(s) of our Company
"EFMA"	the Employment of Foreign Manpower Act (Chapter 91A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time

"EMA"	the Energy Market Authority of Singapore, a statutory board established under the Ministry of Trade and Industry of Singapore, whose main goals are to ensure a reliable and secure energy supply, promote effective competition in the energy market and develop a dynamic energy sector in Singapore
"Employment Act"	the Employment Act (Chapter 91 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Energy Turbo"	Energy Turbo Limited, a company incorporated in the BVI with limited liability on 31 October 2017 and a direct wholly-owned subsidiary of our Company
"EPHA" or "Environmental Public Health Act"	the Environmental Public Health Act (Chapter 95 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"EPMA" or "Environmental Protection and Management Act"	the Environmental Protection and Management Act (Chapter 94A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Frost & Sullivan"	Frost & Sullivan Limited, an industry research consultant and an Independent Third Party
"Frost & Sullivan Report"	the independent industry report prepared by Frost & Sullivan and commissioned by our Company, the content of which is quoted in this prospectus
"FWL" or "Foreign Worker Levy"	the foreign worker levy imposed by MOM on employers of foreign workers, which is a pricing mechanism administered by MOM to regulate the number of foreign workers (including foreign domestic workers) in Singapore
"GB Licence(s)"	General Builder's Licence(s) issued by the BCA under the BLS whereby "GB1 Licence" refers to Class 1 General Builder Licence and a builder with such a licence is allowed to undertake projects of any value; and whereby "GB2 Licence" refers to Class 2 General Builder License and a builder with such a licence is only allowed to undertake projects of S$6.0 million or less; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"GeBIZ"	the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted by individual Singapore Government agencies
"GEM"	the GEM of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"GEM Website"	the internet website at **www.hkgem.com** operated by the Stock Exchange for the purposes of GEM
"GK Development"	GK Development Pte. Ltd., a private company limited by shares and incorporated in Singapore on 18 January 2010 and disposed of by our Group pursuant to the Reorganisation
"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Green and Gracious Builder Award"	an award given to builders which meet the requirements of, and are certified under, the Green and Gracious Builder Scheme
"Green and Gracious Builder Scheme"	a scheme launched by the BCA to promote environmental protection and gracious practices during construction phases of projects
"Group", "our Group", "we", "us" or "our"	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company becoming the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the businesses which have since been acquired or carried on by them or as the case may be their predecessors
"HDB"	the Housing & Development Board of Singapore, a statutory board established under the Ministry of National Development of Singapore and Singapore's public housing authority
"Head & Shoulders"	Head & Shoulders Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application of Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited
"Hon Industries"	Hon Industries Pte. Ltd., an exempt private company limited by shares that was incorporated in Singapore on 11 November 2002 and wholly owned by Mr. Ho and Mr. Lim as to 70% and 30% respectively prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company after the Reorganisation
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards promulgated by International Accounting Standards Board ("IASB"); IFRS includes IAS and interpretation
"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the GEM Listing Rules) with any of the directors, chief executive, or substantial shareholders of our Company or its subsidiaries or any of their respective associates
"I Win" or "Sole Bookrunner"	I Win Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO
"ISO 9001:2008"	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
"ISO 9001:2015"	a quality management system standard that revises the standards set out under ISO 9001:2008, which is based on a number of quality management principles including the provision of products and services that meet customer, statutory and regulatory requirements (where applicable), continual improvement of the system, and assurance of conformity to customer, statutory and regulatory requirements (where applicable)
"ISO 14001:2004"	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved

"ISO 14001:2015"	an environmental management system that revises the standards set out under ISO 14001:2004, which specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance, fulfil its compliance obligations and achieve environmental objectives
"Joint Lead Managers"	collectively, I Win and Head & Shoulders
"Latest Practicable Date"	13 October 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date, expected to be on or about 7 November 2018, on which the Shares are listed on GEM and from which date dealings in the Shares are permitted to commence on GEM
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 4 October 2018 and as supplemented, amended or otherwise modified from time to time, a summary of which is contained in Appendix IV to this prospectus
"MOM"	the Ministry of Manpower of Singapore, which is responsible for the formulation and implementation policies relating to the workforce in Singapore
"Mr. Ho"	Mr. Ho Lien Hwai, our Chairman, an executive Director, and one of our Controlling Shareholders
"Mr. Lim"	Mr. Lim Shi Min, our executive Director and one of our Controlling Shareholders
"Ms. Ng"	Ms. Ng Mei Yun, an executive Director
"MYE"	man-year entitlements, which is a work permit allocation system established by MOM that sets out the total number of work permit holders a main contractor is entitled to employ based on the value of projects or contracts awarded. The MYE applies to the construction sector workers from NTS countries and China
"NAS"	North Asian sources, being countries from which foreign workers can be employed by Singapore entities, which include Hong Kong, Macau, South Korea and Taiwan

"NEA"	the National Environment Agency, a statutory board established under the Ministry of the Environment and Water Resources in Singapore which is responsible for improving and sustaining a clean and green environment in Singapore
"Nomination Committee"	the nomination committee of our Board
"NTS"	Non-Traditional sources, being countries from which foreign workers can be employed by Singapore entities, which include India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.60 per Offer Share and expected to be not less than HK$0.50 per Offer Share, such price to be agreed upon by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or around the Price Determination Date
"Offer Shares"	collectively, the Placing Shares and Public Offer Shares
"OHSAS 18001"	an international standard that sets out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
"PDPA" or "Personal Data Protection Act"	the Personal Data Protection Act 2012 of the laws of Singapore, as amended, supplemented or otherwise modified from time to time
"Placing"	the conditional placing of the Placing Shares at the Offer Price with professional, institutional and other investors in Hong Kong as described in the sections headed "Structure and Conditions of the Share Offer" and the "Underwriting — The Placing — Placing Underwriting Agreement" in this prospectus
"Placing Share(s)"	the 108,000,000 new Shares initially being offered for subscription by our Company at the Offer Price under the Placing subject to re-allocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus and a "Placing Share" means one of these Shares
"Placing Underwriters"	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to place the Placing Shares

"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing expected to be entered into, amongst others, by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Placing Underwriters on or around the Price Determination Date
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"Price Determination Agreement"	the agreement to be entered into by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or around the Price Determination Date to record and fix the final Offer Price
"Price Determination Date"	the date, expected to be on or around Thursday, 25 October 2018 but no later than Friday, 2 November 2018, on which the Offer Price is to be determined
"PSSCOC" or "Public Sector Standard Conditions of Contract"	the Public Sector Standard Conditions of Contract developed by the BCA to enable a common contract form to be used in all public sector building and infrastructure projects
"PUB"	the Public Utilities Board, a statutory board established under the Ministry of the Environment and Water Resources in Singapore which is responsible for managing Singapore's water supply, water catchment and used water in an integrated way
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (subject to the terms and conditions stated in this prospectus and in the Application Forms)
"Public Offer Shares"	the 12,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to reallocation), as described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer Shares whose names are set out in the section headed "Underwriting" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters dated 19 October 2018, details of which are set forth in the section headed "Underwriting" in this prospectus

"Remuneration Committee"	the remuneration committee of our Board
"Reorganisation"	the corporate reorganisation of our Group undertaken in preparation for the Listing, details of which are set out in the section headed "History, Reorganisation and Group Structure" in this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 4 October 2018, a summary of its principal terms is set out in the paragraph headed "13. Share Option Scheme" in Appendix V to this prospectus
"Singapore"	the Republic of Singapore
"Singapore Government"	the government of Singapore
"Singapore Institute of Architects Building Contracts"	a series of contracts published and developed by the Singapore Institute of Architects to establish a standard contract form to be used in all private sector building and infrastructure projects
"Sole Sponsor"	Fortune Financial Capital Limited, a licensed corporation under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activities for the purpose of SFO
"sqm"	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires
"Substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the two financial years ended 31 December 2017 and the four months ended 30 April 2018
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreement"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"URA"	the Urban Redevelopment Authority of Singapore, a statutory board established under the Ministry of National Development of Singapore, which is Singapore's national planning authority
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America
"work permit"	a type of work pass issued to a foreign employee by MOM
"WICA" or "Workplace Injury Compensation Act"	the Work Injury Compensation Act (Chapter 354 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"WSHA" or "Workplace Safety and Health Act"	the Workplace Safety and Health Act (Chapter 354A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"year of assessment"	the year in which income tax is calculated and charged. The assessment is for the income earned in the preceding year, starting on 1 January and ending on 31 December
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"*%*"	per cent

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in S$ or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of S$ into HK$ in this prospectus is based on the exchange rate of S$1.00 to HK$5.65.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Group's business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"A&A"	additions and alterations works
"ACMV" or "air-conditioning and mechanical ventilation system"	also known as environmental control system, whereby (i) air-conditioning system includes air-conditioning units, refrigerant, condensate and drainage pipework and related fittings; (ii) mechanical ventilation system includes exhaust air-fans and related fittings; and (iii) the required power supply and control systems for the proper functioning of these systems
"BIM" or "Building Information Modelling"	3D model-based process that equips architecture, engineering and construction professionals with the insight and tools to more efficiently plan, design, construct and manage building and infrastructure projects
"certificate of substantial completion"	the certificate issued by our customer to us once they are satisfied that a substantial portion of the contract works have been completed, the date of which marks the commencement of the defects liability period
"concrete works"	works which include the pouring of concrete into the formwork
"CR06"	one of the construction-related workheads classified under the CRS, where the title of the CR06 workhead is "Interior Decoration and Finishing Works" and it refers to the interior design, planning and the decoration of buildings, including ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"CR13"	one of the construction-related workheads classified under the CRS, where the title of the CR13 workhead is "Waterproofing Installation" and it refers to the waterproofing of basements, roofs and walls; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"CW01"	one of the construction workheads classified under the CRS, where the title of the CW01 workhead is "General Building" and it refers to (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; and (b) A&A works on buildings involving structural changes

"CW02"	one of the construction workheads classified under the CRS, where the title of the CW02 workhead is "Civil Engineering" and it refers to, amongst others, 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
"electrical engineering"	installation, testing, commissioning, maintenance and repair of electrical-based systems such as switchgears and generators including electrical installations in buildings
"integrated building services"	the installation, commissioning, maintenance and repairs of building systems, such as air-conditioning, refrigeration and ventilation systems, building automation, industrial and process control systems, electrical systems, fire prevention and protection systems, internal telephone wiring and telecommunication systems, mechanical systems, and plumbing and sanitary systems
"M&E"	mechanical and electrical
"ME01"	one of the M&E workheads classified under the CRS, where the title of the ME01 workhead is "Air-conditioning, Refrigeration and Ventilation Works" and it refers to the installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"ME05"	one of the M&E workheads classified under the CRS, where the title of the ME05 workhead is "Electrical Engineering" and it refers to the installation, testing, commissioning, maintenance and repair of electrical-based systems such as switchgears, transformers and large generators, and includes the electrical installations of lightings in building and marine vessels; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"ME06"	one of the M&E workheads classified under the CRS, where the title of the ME06 workhead is "Fire Prevention and Protection Systems" and it refers to the installation and maintenance of fire alarms, prevention and protection systems; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus

"ME12"	one of the M&E workheads classified under the CRS, where the title of the ME12 workhead is "Plumbing and Sanitary Works" and it refers to the installation, repair and servicing of water and gas pipes, sanitary works and plumbing fixtures; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"ME15"	one of the M&E workheads classified under the CRS, where the title of the ME15 workhead is "Integrated Building Services" and it refers to the installation, commission, maintenance and repair of building services, which include some or all of, among other workheads, ME01, ME05, ME06 etc; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"mechanical engineering"	the installation, commissioning, maintenance and repair of mechanical plant, machinery and systems
"method statement"	a document that details the way a work task of process is to be completed. The method statement should outline the hazards involved and include a step-by-step guide on how to do the job safely
"MW03"	one of the maintenance workheads classified under the CRS, where the title of the MW03 workhead is "Landscaping" and it refers to the provision of landscaping services including tree planting and turfing; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus
"plumbing and sanitary works"	the installation, repairs and servicing of water and gas pipes, sanitary works and plumbing fixtures
"rebar" or "reinforcement bars"	steel bar or mesh of steel wires used as a tension device in reinforced concrete and reinforced masonry structures to strengthen and hold the concrete in tension
"reinforced concrete"	a composite material in which concrete's relatively low tensile strength and ductility are counteracted by the inclusion of reinforcement having higher tensile strength or ductility. The reinforcement is usually, though not necessarily, rebar and is usually embedded passively in the concrete before the concrete sets
"scaffolds"	a temporary structure used to support a work crew and materials to aid in the construction works

"shop drawing"	a detailed set of drawings produced by contractor, supplier, manufacturer, subcontractor or fabricator that show the proposed material, shape, size and assembly of the parts and how the construction works will be done or installed
"steel reinforcement works"	works which include the use of rebars in reinforced concrete
"term contract"	a contract for the provision of certain works entered into for a certain duration of time (such duration may be extended by mutual agreement of both parties) under which work orders may be issued by our customer
"valuation certificate"	a written document evidencing the construction works assessed in terms of percentage achieved or completion, and forms the basis for payments to the contractors as per agreed contract payment milestones
"value engineering"	a systematic method to improve the "value" of the construction work, via an evaluation of the construction materials, construction systems, construction methodology, site limitations or restrictions, etc. with the objective(s) of cost reduction, shortening of construction schedule, quality improvement, reduction of environmental impact and/or the reduction of building life cycle and/or maintenance costs
"variation order(s)"	such additional works, omissions or changes requested by the customer for specifications not included in the original contract
"workhead"	a work category sub-classified under the seven major registrable categories under the CRS in Singapore; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus

This prospectus contains forward-looking statements that state our Company's belief, expectations, or intentions for the future. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business" and "Financial Information", which are, by their nature, subject to risks and uncertainties.

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "forecast", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "project", "seek", "should", "will", "would", "wish" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements.

These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are, by their nature, subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus, some of which are beyond our control. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation and our various measures to implement such strategies;
- our operations and business prospects, including development plans for our existing business;
- our capital expenditure plans;
- changes in policies, legislation, regulations or practices in the industry and those countries or territories in which we operate that may affect our business operations;
- our financial condition and results of operations;
- changes in economic conditions in Singapore, Hong Kong and overseas;
- macroeconomic measures taken by the Singapore government to manage economic growth and general economic trends in Singapore;
- the regulatory environment and industry outlook in general;
- the general industry outlook, competition in our business activities and future developments in our industry;
- catastrophic losses from fires, floods, wind;
- other statements in this prospectus that are not historical facts;
- realisation of the benefits or future plans and strategies; and
- other factors beyond our control and other risks and uncertainties described in the section headed "Risk Factors" in this prospectus.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, the Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and any other party involved in the Share Offer or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Subject to the requirements of the applicable laws, rules (including the GEM Listing Rules) and regulations, our Group does not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Group expects, or at all.

We caution you that a number of important facts could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement. Accordingly, you should not place undue reliance on any forward-looking information or statements. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements set forth in this section.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as of the date of this prospectus. Any such intentions may potentially change in light of future developments.

Prospective investors should carefully consider all of the information set out in this prospectus and, in particular, the following risks and special considerations in connection with an investment in our Company before making any investment decisions in relation to the Share Offer. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements relating to our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed elsewhere in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our top five customers accounted for over 90% of our total revenue during the Track Record Period and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect our business, operations and financial results

Our largest customer accounted for approximately 42.4%, 37.9%, and 43.1% of our total revenue, and our top five customers accounted for approximately 88.0%, 91.3%, and 93.4% of our total revenue for each of the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. Our Directors confirm that as at the Latest Practicable Date, we have not entered into any long-term agreements with our top five customers. There is no assurance that these top five customers will continue to use our services at fees acceptable to our Group or that our Group can maintain our relationship with them in the future. If any of our top five customers were to terminate their business relationship with us entirely, there can be no assurance that we would be engaged by other customers to replace any such loss. In addition, if any of our customers fail to settle our invoice in accordance with the agreed credit terms, our Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on our profitability. If there is a change in our customers' creditworthiness, our results of operations would be materially and adversely affected. Further, in the event that there is a decrease in the number of building and infrastructure projects and interior decoration projects without a corresponding increase in revenue from our term contracts, our business, results of operations, profitability and liquidity may be adversely affected.

Failure to secure new projects given the non-recurring nature of our projects could materially and adversely affect our financial performance

Our contracts are awarded on a project basis. The duration of our completed building and infrastructure projects typically ranges between one and three years with an average duration of approximately two years. As our revenue is not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects and any failure to do so could materially and adversely affect our financial performance. We have to go through competitive tendering processes for both public and private customers in order to secure new contracts.

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, our tender success rates were approximately 11.6%, 4.8%, and 0.0% for public sector tenders and approximately 12.5%, 0.0%, and 40.0% for private sector tenders respectively. In the event that we are unable to maintain our business relationships with existing customers, or unable to secure new projects or obtain a similar number of projects and maintain our tender success rate, our financial performance will be adversely affected.

Most of our customers (including those in the public sector) track their contractors' performance, financial capability, reputation and certifications internally. If a contractor receives a poor safety performance review or an accident occurs due to workplace safety negligence, it may lead to a poor evaluation and it may affect our tender success rate. In serious cases, the contractor may be suspended from tendering for new contracts. In such events, we may not be awarded future tender opportunities and our reputation, business operations, financial results and profitability may be adversely affected.

Our revenue, profitability, cash flows and liquidity position may fluctuate, and our indebtedness and high gearing ratio may expose us to liquidity risk

Due to the nature of our projects, our revenue may be recognised across different financial years, depending on the percentage of completion of each project. During the course of a project, we may also receive variation orders from our customers to increase, omit or vary the original scope of work, which may result in fluctuations to the revenue expected to be recognised during a certain financial period. The revenue and profitability of each project will vary depending on (i) our construction progress; and (ii) our pricing and tender strategy. As such, there is no assurance that the amount of revenue derived from our projects on hand will not be substantially different from the original contract sum as specified in the relevant contracts. There is no assurance that our short-term business operations results will be indicative of our long-term business operations results. Our projects normally incur net cash outflows at the early stage of our contract works before the receipt of progress payments such as the costs of labours, supplies and/or subcontracting services. In addition, throughout the execution of a contract, we receive payments after the performance of our services and works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting services) that are also required to be paid from our available financial resources. Please refer to the section headed "Business — Risk management and internal control systems — Liquidity risk management" in this prospectus for details of our project cash outflows.

In the event of any delay in the completion of a project (which can be due to various factors, including a shortage of manpower and construction materials, delays by our subcontractors, adverse weather conditions or industrial accidents), our billings, revenue, operational cashflows and overall financial performance may be affected as our revenue is recognised based on the percentage of completion of a project, and our billings are based on monthly progress claims. We are also required to pay our suppliers and subcontractors as soon as the purchase orders or service requests have been fulfilled and notwithstanding any delay in the project, which may affect our cashflow. In addition, there may be a lapse of time between the completion of a project and the commencement of subsequent projects that may adversely affect our scheduling and allocation of resources and may affect our revenue and operational cashflows.

In the event that our Group undertakes a few high-value projects with similar commencement dates which require substantial initial cash outflows, our cash flow position may be adversely affected. In addition, contracts undertaken by us may have performance bonds and retention money requirements, which also affect our liquidity position. As at 31 December 2016, we recorded net current liabilities of approximately S$2.5 million as we had current liabilities amounted to S$36.2 million which mainly comprised trade and other payables, bill payables, and borrowings, which was higher than the balance of our total current assets as at the corresponding date. During the Track Record Period, we experienced negative operating cash flows of approximately S$3.2 million and S$2.0 million for the two financial years ended 31 December 2017, respectively, and positive operating cash flows of approximately S$7.8 million for the four months ended 30 April 2018. Our outstanding borrowings as at 31 December 2016 and 2017 and 30 April 2018 were approximately S$9.5 million, S$7.2 million and S$5.5 million, respectively. We cannot assure you that our operations will generate sufficient cash inflow to finance all our activities, repay our debts, and cover our general working capital requirements. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, we had high gearing ratio of 2.4 times to 2.1 times to 1.7 times, respectively. In the event that we are unable to generate sufficient cash inflow to finance all our activities, we may resort to and rely on increased bank borrowings to meet our cash flow needs, which will also impact our gearing ratios. If we fail to properly manage our cash flows, our business operations, and financial position may be materially and adversely affected.

We may experience delays or defaults in collecting our receivables, and such failure to receive payment on time and in full, or any delay in the release of retention monies or where such retention monies are not fully released to us after expiry of the defect liability period may affect our liquidity position

For some of our projects, we make monthly progress claims to our customers in respect of the value of the work we have performed in the preceding month, and subject to our customer's confirmation, thereafter we will issue the invoices with a credit term in accordance with the provisions of the contract. Our gross trade receivables for the two financial years ended 31 December 2017 and the four months ended 30 April 2018 were approximately S$9.5 million, S$9.3 million and S$5.9 million, respectively, and our trade receivables turnover days for the same periods were 73, 34 and 24 days, respectively. There was no provision for impairment of trade receivables for the two financial years ended 31 December 2017 and approximately S$141,000 was recognised as impairment charged to profit and loss for the four months ended 30 April 2018. Please refer to the section headed "Financial Information — Discussion on selected balance sheet items — Trade receivables" in this prospectus and to the paragraph headed "Notes to the Historical Financial Information — 20. Trade Receivables" in Appendix I to this prospectus for more information.

For our private sector projects, a portion of the contract value, normally between 5% and 10%, is withheld by our customers as retention money, of which half will be released upon substantial completion of the project and the remaining released upon final completion of the project (which is after the defect liability period of between 12 and 18 months from substantial completion date). As at 31 December 2016 and 2017 and at 30 April 2018, retention monies of in aggregate approximately S$3.8 million, S$6.6 million, and S$7.1 million, respectively, was retained by our private customers. If our customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position, results of operations and prospects. Please refer to the section headed "Business —

Customers — Key contract terms with customers" in this prospectus for further details on our terms of payment. During the Track Record Period, we have not encountered any material delay in progress payment and release of retention money by our private customers. However, there can be no assurance that such payment will be made on time by our customers in the future. Any failure by our customers to make payment to us in a timely manner may have an adverse effect on our future liquidity position.

We may face liquidity risk in relation to our future business plans, which may not be successfully implemented

Our business strategies include the purchase of additional machinery and equipment including but not limited to air compressors, scissor lifts, forklifts, boom lifts, and additional software to improve our productivity as well as expanding our work force in order to increase our capacity to take on more projects and to handle more high value contracts. To this end, we will hire additional specialised staff and will reconfigure our existing properties and rent additional office space to accommodate the increased staff size. Our Group also intends to enhance our workforce and improve productivity by sending our employees for worker skill improvement programmes and by purchasing additional software. The new machinery and equipment as well as the addition of software are expected to increase our depreciation charges by approximately S$0.2 million and S$0.7 million for the two financial years ending 31 December 2019, respectively. Further, the hiring of additional specialised staff to expand our workforce, the rental of additional office space and the staff training is estimated to be approximately S$0.7 million and S$1.3 million collectively for the two financial years ending 31 December 2019, respectively. Should we fail to secure new projects or sufficient profitable projects, we may have to take measures to reduce our staff costs, and/or reduce our workforce. If we fail to do so in a timely manner, or if any such costs increased without a corresponding increase in revenue, our profitability will be adversely affected and we may also face liquidity risk as payment of salaries are required on a recurring basis irrespective of cash inflows from our projects. Please refer to the sections headed "Future Plans and Use of Proceeds" and "Business — Business strategies" in this prospectus for more details on our Group's business strategies and future plans.

Our Directors are of the view that the future business plans of our Group have been prepared after due and careful enquiry regarding, amongst others, the future prospects of the building and construction industry in Singapore, our competitive strengths, and other relevant factors. Some of our future business plans are based on certain assumptions, and the successful implementation of our business plans may be affected by a number of factors including the availability of sufficient funds, government policies relevant to and affecting our industry, micro- and macro-economic conditions, our ability to maintain our existing competitive strengths, our business relationships with customers, and the threat of substitutes and/or new market entrants. There is no assurance that our business plans can be successfully implemented. Any material adverse change in the environment in which we operate may result in our failure to implement any part of our business plans, and may adversely affect our prospects.

Our operations may subject us to litigation or arbitration proceedings, claims or other disputes

As a main contractor, we are principally responsible for the implementation of the project as a whole and we may from time to time encounter disputes arising from contracts with our customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. Claims against us by our customers may involve defective works, substandard works, unfinished works or delays in the completion of works, casualties, and/or property damage which may result in litigation or

arbitration proceedings being brought against us by our customers and/or us incurring liquidated damages, depending on under the terms of our contracts with our customers, which may materially affect our reputation, business operations and financial position. Claims may also arise after disputes with our suppliers and/or subcontractors due to any delay of payment to subcontractors and/or suppliers. We are also liable under the Work Injury Compensation Act for the injuries of our employees and our subcontractors' employees who are engaged to work on our projects. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial position may be adversely affected.

In addition, claims involving us could result in time-consuming and costly litigation, arbitration, administrative or other legal proceedings. Expenses we incur in legal proceedings, arbitration proceedings or claims brought by or against us and where any such legal proceedings or arbitration proceedings result in a judgment or award against us, could have a material adverse effect on our reputation, business, financial position, results of operations and prospects. During the Track Record Period and up to the Latest Practicable Date, our Group was involved in an arbitration proceeding as well as a litigation claim, both of which have not yet been concluded as at the Latest Practicable Date. Our maximum financial exposure of the aforementioned claims would be up to S$1.0 million and S$0.3 million, respectively. Please refer to the section headed "Business — Litigation" in this prospectus for further details on the litigation claim. There is no assurance that we will be successful in such claims and should we not be successful, our Group's reputation and future prospects may be materially and adversely affected.

Loss of our key management and any inability to attract and retain management staff will adversely affect our operations and financial performance

Our executive Directors, comprising Mr. Ho, Ms. Ng and Mr. Lim, and senior management team, comprising Ms. Kwan, Mr. J Tan and Ms. Goy are responsible for key aspects of our business, including but not limited to, maintenance of customer relationships, developing new business opportunities, project management and on-site supervision. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for more information on the roles and responsibilities of our executive Directors and senior management team. A majority of our executive Directors and senior management team, namely Mr. Ho, Ms. Ng, Mr. Lim, Ms. Kwan and Mr. J Tan, have been with us or in the building and construction industry in Singapore for over ten years. If any of our executive Directors or senior management cease to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there may be an adverse impact on our business, our operations and hence, our overall financial performance. Our executive Directors and senior management team are also supported by a team of experienced and skilled personnel with the requisite industry expertise. We believe that our Group's success and growth depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel, including personnel that can fulfil the specific CRS requirements under our workheads. As at the Latest Practicable Date, all personnel requirements under our CW01 workhead are complied with and satisfied by our employment of five registrable professionals ("**RP**"), two technicians ("**T**"), and five professionals ("**P**"), further details of which are set out in the section headed "Business — Main licences and registrations — Requirements for maintaining our licences and registrations" in this prospectus. There is no guarantee that any of the aforementioned personnel will not leave our employment, and if we are unable to replace the departing personnel in a timely manner, we may encounter difficulties in maintaining our licences and registrations and our operations and financial performance may be adversely affected.

Our pricing for any project is determined based on the estimated costs involved which may deviate from the actual costs incurred and any material inaccurate estimation of such costs or any fluctuation of such costs including the costs of consumables may materially and adversely affect our financial results and profitability

All of our contracts are awarded to us via tenders. Our tender price is generally determined on a fixed costs basis and is based on the project information available to us at the time of submitting the tender which may include the scope of works, and the estimated duration and costs of the project (including project material costs, rental costs and time costs). We are responsible for all of our costs (including those of our subcontractors) and our ability to achieve our target profitability on any project is largely dependent on our ability to accurately estimate and control such costs. For example, we procure most of our project materials, such as reinforcing bars, water pipes, filters, pumps, valves, etc., and we currently lease some site equipment from third-party suppliers on an as-needed basis. Based on the Frost & Sullivan Report, prices for all raw materials recorded a negative CAGR over 2012 to 2017 since demand could not meet supply, with the lowest prices recorded in 2016 or 2017 compared to the last four years.

The actual costs incurred in and time taken to complete our projects may be affected by different factors which are beyond our control, such as delay in deliverables by subcontractors, adverse weather conditions, shortage and/or cost escalation of materials and/or subcontractors services, changes in the scope of work or conditions, extension of project period, disputes with other subcontractors, and other unforeseen technical constraints or circumstances. The occurrence of any of the above can result in delays in completion of our projects or costs overrun. There is no assurance that we can always procure the required project materials and/or lease the site equipment as and when needed, or that the actual amount of time spent and costs incurred during the project will not fluctuate or exceed our initial estimation. There is no assurance that we can pass any additional costs incurred by us that is attributable to the fluctuation in the price of project materials or the rental rate of site equipment onto our customers, or that we can absorb the same by other mitigating measures in the future including by sourcing for and utilising alternative sources of project materials and site equipment that meet our quality and price standards and specifications. As such, any material inaccurate estimation in the time spent and costs incurred in a project may result in a lower profit than originally contemplated, despite any buffer we may have accounted for in our tender submission, which will also adversely affect our profit margin and operational results. For the financial year ended 31 December 2017, we had one loss-making project with a negative gross profit margin of approximately 0.4% which was secured at a relatively thin expected profit margin and we incurred certain additional upfront costs. For further details of our accumulated (loss)/profits, please refer to the section headed ''Financial Information — Accumulated (loss)/profits'' in this prospectus. Failure to procure the required materials and site equipment could adversely affect the execution of the contract works, which may affect our ability to complete a project in a timely manner and in accordance with the project specifications and quality standards. Such delay, failure to complete and/or unilateral termination of our projects by our customers will affect our reputation, will have a material adverse effect on our business operations and financial results and may result in legal claims, disputes, termination of our contract, liabilities and/or lower returns than anticipated on such project.

Failure to renew, or any suspension or cancellation of, our licences and registrations could materially and adversely affect our operations and financial performance

Our Group holds a number of licences and registrations which enable us to carry out our business and building and construction activities in Singapore. For further details of our licences and registrations, please refer to the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus. Our ability to maintain our workhead gradings and registrations under the CRS and BLS are crucial to our business operations. If we fail to comply with the applicable requirements or conditions, our registrations and licences may be downgraded, suspended or cancelled. Our applications to renew such registrations and licences upon expiry may be delayed or refused. The renewal or maintenance of our gradings for our BCA registrations is crucial to our business operations because we can only participate in tenders for public sector projects if we meet the minimum BCA grading level stipulated. For our private customers, they may take our BCA gradings into consideration when evaluating project tenders. As such, any inability to renew or maintain our BCA gradings may reduce the number of project opportunities for our Group and have an adverse impact on our operations and financial performance. Failure to keep or renew our existing BCA registrations could result in suspension of our business operations, restriction or prohibition of certain business activities, or restriction on the commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

We are dependent on suppliers and subcontractors to implement our main contractor projects

Our top five suppliers accounted for approximately 10.6%, 6.7%, and 8.1% of our total costs of services for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. Our top five subcontractors accounted for approximately 28.6%, 22.1%, and 30.0% of our total costs of services for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. For our projects, we typically purchase ready-mixed concrete, reinforcing bars, rental of machinery and equipment, and hardware from our suppliers. Where we lack either the relevant expertise or the capacity to perform specialised works such as reinforcement concrete works, plumbing works, ACMV, steel structure works, and aluminum works, we may subcontract out such specialised works and accordingly, we are dependent on the ability of the subcontractors engaged to complete their works in a timely and reliable manner. As we typically do not have any long term contracts with our suppliers and subcontractors, there is no assurance that they will be able to continue to provide supplies and services to our Group at prices acceptable to our Group. There is also no assurance that our Group can maintain our business relationships with them in the future. In the event that any of our top five suppliers and/or subcontractors are unable to provide the required materials and/or services to our Group and we are unable to obtain alternative providers on similar or more favourable terms to us, our business, results of operations, profitability and liquidity may be adversely affected.

We may delegate specialised works such as reinforcement concrete works, plumbing works, ACMV, steel structure works and aluminum works to our subcontractors. The engagement of subcontractors is subject to certain risks. For example, there is no assurance that we are able to monitor the performance of the subcontractors as directly and efficiently as with our own staff; the subcontractor may fail to complete the contracted scope of works on time or in accordance with a project's other requirements; and/or we may be unable to hire suitable subcontractors. As our subcontractors have no direct contractual relationship with our customers, we are subject to risks associated with any non-

performance, late performance or poor performance by our subcontractors. Accordingly, we may experience deterioration in the quality of our works, incur additional costs in reworks, or be exposed to liability arising from our subcontractors' performance, which may result in litigation or damages claims and may impact our profitability, financial performance and reputation.

In addition, we may also be subject to our customers claims arising from defective work performed by subcontractors. We may be required to compensate our customers for our subcontractors' inability to perform their obligations in a timely manner, before we can recover such compensation from the responsible subcontractor. If no corresponding claim can be asserted against a subcontractor, or if the amounts of the claim cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims, in which case our business, financial position, results of operations and prospects could be materially and adversely affected.

We may face difficulties in recruiting and retaining skilled staff and/or foreign workers

A significant number of our workforce is made up of foreign workers. As at 30 April 2018, over 85% of our workforce is made up of foreign workers. According to the Frost & Sullivan Report, there is high labour demand within the building and construction industry in Singapore. As the supply of foreign workers in Singapore is subject to the policies and regulations administered by MOM, it is increasingly hard to employ skilled and licensed foreign workers due to the tightened policies on the employment of foreign workers and the resultant labour shortage in Singapore. For example, MOM imposes a quota on the number of foreign workers that the main contractor and its subcontractors can employ in respect of each project. Depending on the requirements of our projects, the tightening of such quota could adversely affect our operations, business and financial performance. As at the Latest Practicable Date and with regard to the prevailing dependency ceiling regulations, we are able to hire only up to 66 additional foreign workers. Part of our business strategies includes hiring additional specialised staff in order to increase our capacity to tender for and undertake more higher value projects concurrently, and such specialised staff will include six senior staff, 21 skilled workers and nine operators. In the event that we are unable to attract any of the aforementioned specialised staff, we may not be able to carry out our future business plans and accordingly, our business operations may be adversely affected. Any changes in the policies of the foreign workers' countries of origin may also affect the supply of foreign workers and cause disruptions to our operations, resulting in a delay for the completion of our projects. We may also face difficulties in retaining skilled staff and/or foreign workers due to unforeseen fluctuations in labour costs due to, among others, changes to the laws and regulations regarding employment and/or increases to the FWL imposed by the MOM on operators in the construction industry, which will result in an increase in our operating expenses and the costs of hiring foreign workers in Singapore. According to the Frost & Sullivan Report, the average monthly salary of domestic skilled and general workers in the Singapore construction services industry is expected to experience a further increase and amount to approximately S$6,724 and S$5,500 per person/month in 2022, and the average monthly salary of foreign skilled and general workers is projected to increase to approximately S$1,856 and S$1,518 per person/month in 2022. We may need to take into consideration such salary trends when recruiting or retaining skilled local talents and/or foreign workers as we would want to offer more competitive remuneration packages in order to attract higher skilled labour which may result in increased operating expenses thereby affecting our financial performance.

We had been involved in certain non-compliances at our work sites during the Track Record Period

Our operations are subject to various laws and regulations, in particular pertaining to the management of our work sites. Please refer to the sections headed "Regulatory Overview — Laws and Regulations Relating to our Business in Singapore — Environmental laws and regulations" and "Regulatory Overview — Laws and Regulations Relating to our Business in Singapore — Workplace Safety and Health Laws and Regulations" in this prospectus for more information. During the Track Record Period and up to the Latest Practicable Date, we were involved in 20 non-compliance incidents at different work sites relating to environmental matters resulting in the imposition of composition fines amounting to an aggregate of S$87,300. In addition, we were issued with three stop work orders for certain environmental and workplace safety and health non-compliance incidents during the Track Record Period, specifically two separate stop work orders on 13 June 2017 and 6 February 2018, which were lifted on 23 June 2017 and 8 February 2018, respectively, both of which were in relation to control of mosquito breeding at work sites, and another stop work order on 17 May 2017 which was subsequently lifted on 5 June 2017 in relation to the accidental fire incident that occurred on 16 May 2017 at our Project International School work site. In addition to the stop work order imposed on us at our Project International School work site, we received five demerit points from MOM. Please refer to the sections headed "Business — Environmental, health and workplace safety policy — Workplace safety and health non-compliance" and "Business — Environmental, health and workplace safety policy — Environmental non-compliance" in this prospectus for more information.

Despite the implementation of an EHS management system that conforms to the OHSAS 18001:2007 standard as disclosed in the section headed "Business — Environmental, health and workplace safety policy" in this prospectus, there is no assurance that non-compliance will never occur in the future due to human error and/or adverse weather conditions that may not only affect adherence to our workplace safety procedures but also increase the likelihood of water stagnation at the work sites. If any non-compliance of similar or other nature occurs in the future, we may be subject to fines, demerit points, stop work orders, and/or other legal and operational consequences, which may adversely and materially affect our business operations and financial position.

We are subject to other construction risks such as fire, and suspension of water and/or electricity facilities

In the course of our building and infrastructure projects, we are subject to other construction risks, such as fire and the suspension of water and electricity facilities, which may be beyond our control. In the event of any such occurrence, we may not be able to complete our projects on time, which may expose us to claims by our customers for delays in works. These construction risks may threaten the safety of our employees and our subcontractors' employees or pose risks to our equipment kept at the project sites.

On 16 May 2017, an accidental fire broke out at the site of our Project International School and two of our subcontractors' employees suffered from smoke inhalation as a result of the incident. Our Project International School work site underwent a Construction Safety Audit Scoring System ("**ConSASS**") audit after the incident, and it was noted in the ConSASS audit report that our site management implemented and maintained the workplace safety and health management system well for the Project International School, and that only minor non-conformities were noted. Additional fire safety

measures were recommended in the ConSASS audit report, and our site management duly incorporated the recommended steps into our workplace safety and health management system. Please refer to the section headed "Business — Environmental, health and workplace safety policy" in this prospectus for further details on our Group's workplace safety and health management system.

Our insurance coverage may not be sufficient to cover all losses and/or potential claims and insurance premiums may increase

We have purchased contractors' all risks insurance for our projects, and the required insurance policies for our staff, such as work injury compensation and medical policies. Nonetheless, we may be subject to liabilities against which we are not insured either adequately or at all, or liabilities against which cannot be insured, such as our ability to obtain new contracts, to retain key personnel and to maintain our licenses and certifications. Should any significant property damage or personal injury occur in our facilities or to our employees as a result of accidents, natural disasters, or similar events which are not covered or are inadequately covered by our insurance, our business may be adversely affected and we may face a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

Although we believe our current insurance coverage is adequate for our operations and appropriate for our current risk profile, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. If we face any operating risks resulting from any of the aforesaid events in relation to the failure to purchase insurance, we may bear a substantial cost and experience a material loss.

In addition, our insurers will review our policies each year and we cannot guarantee that we can renew our policies or renew them on similar or other acceptable terms. Our total insurance expenses amounted to approximately S$0.7 million, S$0.4 million, and S$0.2 million for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects. Any losses that we may incur which we are not insured against (including, for example, losses from acts of war, terrorism, or natural catastrophes), may adversely affect our business, financial condition and results of operations.

We had recorded accumulated losses historically and our historical results of operations may not be indicative of the future results of operations

Our historical results of operations may not be indicative of the future results of operations having regard to the fact that our Group recorded accumulated losses of approximately S$1.3 million as at 1 January 2016 and S$0.1 million as at 31 December 2016 which was mainly due to: (i) we had several projects with thin gross profit margins recognised or additional losses incurred due to unforeseen circumstances and/or contract extension as a result of changes, thereby increasing our costs. In addition, in the year immediately prior to the Track Record Period, we recorded a relatively low gross profit margin of approximately 4.3% as certain projects had lower profit margins and we faced losses on certain projects which the building types we have limited experience in, which resulted in an overall loss position with a net profit margin of approximately negative 6.1% as our operating expenses were not fully covered by the gross profit in the year; and (ii) we had declared and paid dividends before the

Track Record Period in which reduced the retained profits of our Group. Our Group also recorded non-recurring imputed interest income due from shareholders recognised in profit or loss for the two financial years ended 31 December 2017, amounting to S$336,000 and S$375,000, respectively.

Further, revenue from certain ongoing contracts may be recognised across different financial years, depending on the percentage of completion of each contract. The revenue and profitability for different contracts vary and should the progress payments be higher for a certain financial year, that particular financial year will record better short-term results. If we are unable to recover all of our incurred cost from our customers, or we are unable to fully recover the additional costs for the variation orders, our business operations, financial results and profitability may be adversely affected. There is no assurance that our short-term results of operations will be indicative of our long-term results of operations.

Changes in the availability or discontinuation of certain government grants, schemes, tax incentives, tax rebates or tax exemptions may result in an increase in effective tax rate which may materially and adversely affect our financial performance

The Singapore Government has made available various grants and schemes to encourage business organisations to improve productivity. We recognised other income from government grants and subsidies of approximately S$253,000, S$174,000 and S$40,000 for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively. For further details, please refer to section headed "Regulatory overview" in this prospectus for more information on the Productivity and Innovation Credit ("**PIC**") scheme, the Mechanisation Credit ("**MechC**") scheme and the Special Employment Credit ("**SEC**") scheme. Our effective tax rate was lower than the statutory tax rate for the financial year ended 31 December 2016 mainly due to the tax effect of enhanced allowances under the PIC scheme in Singapore of approximately S$141,000. In addition, we also received government grants for the two financial years ended 31 December 2017 and for the four months ended 30 April 2018 under (i) the MechC scheme of approximately S$100,000, S$35,000, and nil, respectively; and (ii) the SEC scheme of approximately S$7,700, S$4,400 and S$1,110 for the same periods, respectively. The PIC scheme will be applicable until the 2018 year of assessment. Any unfavourable change, such as any reduction, discontinuation or cancellation of the aforementioned tax incentive/tax rebate/tax exemption may result in decrease in tax savings and an increase in effective tax rate of our Group. In the event that the Singapore Government does not extend the PIC scheme or SEC scheme to us or that the Construction Productivity and Capability Fund is exhausted, our financial performance may be materially and adversely affected as we will be required to pay more tax.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A fluctuation in the Singapore market, particularly the building and construction industry, will affect our financial performance

During the Track Record Period, our revenue was derived solely from our operations in Singapore. Any unforeseeable circumstances occurring in Singapore, such as natural disasters, economic recession, epidemic outbreak and any other incidents may adversely affect our business, prospects, financial condition and results of operations. Our Group is dependent on the building and construction industry in Singapore, which is subject to fluctuations. According to the Frost & Sullivan Report, less favourable economic conditions and an increased supply of completed private housing and offices projects resulted in a decrease of the total awarded contract value in the private sector to S$9,024.4 million in 2017, which represented a CAGR of approximately -15.7% according to the Singapore Department of

Statistics. A downturn in the building and construction industry in Singapore similar to the aforementioned and due to postponement, delay or cancellation of construction projects may lead to a delay in recovery of receivables, which may adversely affect our business and profitability.

There is a shortage of skilled foreign workers in the building and construction industry in Singapore. If we are unable to retain or replace skilled foreign workers, it may affect our business and there is no assurance that our labour costs will not increase

According to the Frost & Sullivan Report, one of the challenges facing the building and construction industry in Singapore is the shortage of labour, which is attributable to factors such as the strict implementation of a foreign worker quota and FWL by MOM on employers. Even without such shortage, we generally compete with similar businesses for skilled foreign workers. Given that we are in a labour intensive industry, we rely on our workers for our business operations and if we are unable to retain or replace skilled foreign workers, we may be forced to increase our reliance on subcontractors or we may be unable to maintain the quality of our services. There is no assurance that we will be able to maintain a labour force that is sufficient enough for us to execute our business plans, nor can we guarantee that our staff costs will not increase in order to attract or maintain such workers, the occurrence of which could have a material and adverse effect on our operations results and inhibit our future growth and expansion plans.

Our business involves inherent industrial risks and occupational hazards and the materialisation of such risks will may materially and adversely affect our business operations and financial results

Our business involves inherent industrial risks and occupational hazards, which may not be eliminated through implementing safety measures. We participate in certain activities presenting risks and dangers, for example, work at height at the construction sites. Our employees will also have to work with machinery and tools that have to be handled appropriately. Accordingly, we are exposed to risks related to activities such as equipment failure, industrial accidents and fire. We cannot ensure that such risks will not materially and adversely impact us in the future. The materialisation of any of the risks mentioned above in the worst case scenario may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations. Our insurance coverage may not be adequate, and it may not be possible to obtain adequate insurance (or any insurance at all) to cover these risks on commercially reasonable terms. During the Track Record Period and up to the Latest Practicable Date, we recorded one workplace accident involving our employee and nine workplace accidents involving our subcontractors employees, and our accident frequency rate and lost time injuries frequency rate for the two financial years ended 31 December 2017 and the four months ended 30 April 2018 was 2.9 and 39.6, 2.9 and 54.4, and 0.7 and 8.3, respectively. Please refer to the section headed ''Business — Environmental, health and workplace safety policy — Workplace accidents during the Track Record Period and up to the Latest Practicable Date'' in this prospectus for more information on the basis of calculation of the aforementioned rates. During the Track Record Period and up to the Latest Practicable Date, there was one concluded employees' compensation claim made by an employee of our subcontractor, two concluded employees' compensation claims made by our employees, one outstanding employees' compensation claim made by our employee and five outstanding employees' compensation claims made by our subcontractors' employees against our work injury compensation policy for injuries sustained as a result of accidents

that occurred during the course of their employment with our Group. For details, please refer to the section headed ''Business — Environmental, health and workplace safety policy — Employees' compensation claims'' in this prospectus.

Due to the nature of our business, failure to comply with safety measures and procedures on work sites may lead to occurrence of personal injuries, property damage or fatal accidents

Due to the nature of our business, we cannot guarantee that parties at the work sites would comply with the safety measures and procedures in place during execution of construction works. In the event of non-compliance, there may occur serious personal injuries, property damage or fatal accidents, which may lead to an interruption of our operations and may adversely affect our financial conditions and results of business operations to the extent not covered by our insurance policies. Please refer to the sections headed ''Business — Environmental, health and workplace safety policy — Workplace safety and health non-compliance'' and ''Business — Environmental, health and workplace safety policy — Environmental non-compliance'' in this prospectus for more information.

The building and construction industry which we operate in is highly competitive

The building and construction industry in which we operate in is highly competitive, with many competitors, some of whom may have comparatively better manpower, resources, licences and qualifications, and brand names. As listed on the BCA website, as at the Latest Practicable Date, there were 92 contractors registered under the CW01 workhead for ''General Building'' with an A1 grading and 39 contractors with an A2 grading. The Frost & Sullivan Report states that the landscape for the construction industry in Singapore is fragmented, with 1,811 contractors registered under CW01 workhead for ''General Building'', and 993 contractors registered under the CW02 workhead for ''Civil Engineering''. According to the Frost & Sullivan Report, based on the revenue in 2017, our Company is ranked 21st in the construction services industry with a market share of approximately 0.36%. There is no assurance that there will not be an increase in the number of construction contractors including contractors who are able to obtain the A1 and A2 gradings under CW01 workhead for ''General Building'', or an increase in the number of main contractors who have significant expertise and track record for building projects of a similar scale as our track record.

If we face increased competition or if we cannot adapt effectively to market conditions, customer preferences and/or competitive environments, our Group and our tender proposals may not be competitive and our tender success rates, our revenue and our profitability will be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. We may also compete in other areas such as subcontractors and qualified employees. If we are unable to compete for resources and manpower with our competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Changes in regulatory requirements in Singapore may affect our operating costs and profitability

Our operations are subject to laws and regulations in Singapore that relate to matters such as licensing, employment of foreign workers, workplace health and safety, and environmental protection, with certain material laws and regulations summarised in the section headed ''Regulatory Overview'' in this prospectus. In the event that our operations fail to meet such regulatory requirements, we may be subject to fines or required to take remedial measures. It may also affect our ability to obtain new

projects. If any of these events occurs or if there are any changes in the regulatory requirements that result in our Group incurring additional costs to comply with them or in the event we are unable to change and adapt quickly to any changes in the regulatory requirements, it may increase our operating costs and adversely affect our profitability, reputation, business, financial condition and results of operations.

RISKS RELATING TO THE SHARE OFFER

No assurance of liquidity and possible price and trading volume volatility of our Shares

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price.

The pricing and trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors' perception of our Group and the investment environment generally;
- addition or departure of key management;
- developments in the Singapore building and construction industry;
- changes in Singapore Government spending;
- changes in pricing made by us or our competitors;
- fluctuations in market prices and trading volume of the Shares;
- involvement in litigation; and
- general economic environment and other factors.

These broad market and industry fluctuations may adversely affect the market price of the Shares.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

Termination of the Underwriting Agreements

Prospective investors should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by the Sole Bookrunner (for itself and on behalf of the Underwriters) by giving written notice to our Company upon the occurrence of any of the events stated in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out. Should the Sole Bookrunner (for itself and on behalf of the Underwriters) exercise its rights and terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares

Except for the Shares issued in the Share Offer, our Company has agreed with the Sole Bookrunner (for itself and on behalf of the Underwriters) not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this prospectus and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the Sole Bookrunner (for itself and on behalf of the Underwriters). Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to twenty four months from the Listing Date. After these restrictions lapse, the market price of the Shares may decline as a result of sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders' interests may be diluted as a result of additional equity fund-raising

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in our Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

Our Company will comply with Rule 17.29 of the GEM Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the Listing Date. Upon expiry of such six-month period, our Group may raise additional funds by way of issue of new equity or equity-linked securities of our Company to finance further expansion of our

business, joint ventures or other strategic partnerships and alliances. Such fund-raising exercises may not be conducted on a pro-rata basis to existing Shareholders. As such the shareholding of the then-Shareholders may be reduced or diluted, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

Proceeds from the Share Offer may be subject to foreign exchange risk

Our headquarters and principal place of business is in Singapore with our revenue and cost of services mainly denominated in Singapore dollars while the proceeds from the Share Offer will be denominated in HK dollars. Since 1 January 2016 and up to the Latest Practicable Date, Singapore dollar has appreciated by approximately 3.9% against the HK dollars, from S$1.00 to HK$5.44 as at 2 January 2016, to S$1.00 to HK$5.65 as at the Latest Practicable Date. As such, we may be exposed to fluctuations in exchange rate and any unfavourable fluctuation against our Group may adversely affect the underlying value of our proceeds from the Share Offer.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

Investors should not place undue reliance on facts, statistics and data contained in this prospectus with respect to the economies and our industry

Certain facts, statistics and data in this prospectus are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters or any of their respective directors, affiliates, or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Share Offer

There may be press and media coverage regarding us or the Share Offer, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility

for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Group's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking statements" in this prospectus for further details.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Printed copies of this prospectus are available, for information purpose only, during normal office hours from 9:00 a.m. on 22 October 2018 up to and including 12:00 noon on 25 October 2018 (both days inclusive and for business days only) at the office of the Sole Sponsor and the Underwriters.

APPLICATION FOR LISTING ON GEM

The Sole Sponsor has applied on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and which are to be issued or may be issued pursuant to the Share Offer, the Capitalisation Issue and as otherwise described herein on GEM, including any Shares which may be issued pursuant of any option which may be granted under Share Option Scheme.

No part of the shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and the permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Listing Division of the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. Accordingly, a total of 120,000,000 Offer Shares, representing 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options to be granted under the Share Option Scheme) will be made available under the Share Offer.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the

Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriter(s), any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in section headed "Structure and Conditions of the Share Offer" in this prospectus. The Listing is sponsored by the Sole Sponsor and managed by the Sole Bookrunner, the Joint Lead Managers and the Co-Lead Manager. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Sole Bookrunner (for itself and on behalf of the other Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date, or such later date or time as may be agreed by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company. The Offer Price is currently expected to be not more than HK$0.60 per Offer Share and not less than HK$0.50 per Offer Share. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK$0.60 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$0.60 per Offer Share. The Sole Bookrunner (for itself and on behalf of the other Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.honindustries.com.sg**.

If the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later date or time as may be agreed between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed.

SELLING RESTRICTIONS OF OFFER SHARES

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

This prospectus and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**"). Accordingly, this prospectus and any other prospectus or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption invoked under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Each person acquiring the Offer Shares will be required to confirm, or by his/her acquisition of the Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he/she is not acquiring, and has not been offered any such Offer Shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares on GEM and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the

second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

DEALINGS AND SETTLEMENT

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on 7 November 2018. Our Shares will be traded in board lots of 4,000 Shares each and are freely transferrable. The stock code for our Shares is 8259.

No temporary documents or evidence of title will be issued.

HONG KONG SHARE REGISTER AND STAMP DUTY

Our Company's principal register of members will be maintained by the principal share registrar, Conyer Trust Company (Cayman) Limited in Cayman Islands, and our Company's branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in our Shares registered in the branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by cheque sent, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares. None of our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any other persons involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in US$, S$ and HK$. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts

denominated in another currency at the rates indicated or at all on such date or any other date. Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rate:

US$1.00	:	HK$7.78
S$1.00	:	HK$5.65

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese version of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

OTHER

Any discrepancy in any table or chart between the totals and the sums of the amounts listed therein are due to rounding.

DIRECTORS

Name	Address (business or residential)	Nationality
Executive Directors		
Ho Lien Hwai	359 Ang Mo Kio Avenue 2 Singapore 567835	Singaporean
Ng Mei Yun	Apt Blk 430D Fernvale Link #13–247 Singapore 794430	Malaysian
Lim Shi Min	Apt Blk 603 Ang Mo Kio Avenue 5 #06–2679 Singapore 560603	Singaporean
Independent non-executive Directors		
Lau Wang Lap	Room E, 16/F Block 5, Sausalito Ma On Shan, Hong Kong	Chinese
Ng Chye Kim	Apt Blk 761 Jurong West Street 74 #03–12 Singapore 640761	Singaporean
Chan Shun Yin	Flat J, 16/F, Tower 2 Dragons Range — Court A 33 Lai Ping Road Kau To Shan New Territories, Hong Kong	Chinese

Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for further information on our Directors.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Fortune Financial Capital Limited** Units 4301–8 & 13 43/F, COSCO Tower 183 Queen's Road Central Hong Kong
Sole Bookrunner	**I Win Securities Limited** Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong
Joint Lead Managers	**I Win Securities Limited** Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong **Head & Shoulders Securities Limited** Room 2511, 25/F, Cosco Tower 183 Queen's Road Central Hong Kong
Co-Lead Manager	**Alpha Financial Group Limited** Room A, 17/F, Fortune House 61 Connaught Road Central, Central, Hong Kong
Underwriters	**I Win Securities Limited** Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong **Head & Shoulders Securities Limited** Room 2511, 25/F, Cosco Tower 183 Queen's Road Central Hong Kong **Alpha Financial Group Limited** Room A, 17/F, Fortune House 61 Connaught Road Central, Central, Hong Kong
Legal advisers to our Company	*As to Hong Kong law:* **Robertsons** 57th Floor, The Center 99 Queen's Road Central Hong Kong

	As to Singapore law: **Rajah & Tann Singapore LLP** 9 Battery Road, #25–01 MYP Centre Singapore 049910 *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and Underwriters	*As to Hong Kong law:* **P. C. Woo & Co.** 12/F., Prince's Building 10 Chater Road, Central Hong Kong
Reporting accountants	**Deloitte Touche Tohmatsu** Certified Public Accountants 35/F One Pacific Place 88 Queensway Hong Kong
Auditors	**Deloitte & Touche LLP** *Public Accountants and Chartered Accountants* 6 Shenton Way OUE Downtown 2 #33–00 Singapore 068809
Safety adviser	**Greensafe International Pte. Ltd.** 175A Bencoolen Street #08–11 Burlington Square Singapore 189650
Receiving bank	**DBS Bank (Hong Kong) Limited** 11/F., The Center 99 Queen's Road Central Central Hong Kong

Internal control consultant	**Baker Tilly Consultancy (Singapore) Pte. Ltd.** 600 North Bridge Road #05–01 Parkview Square Singapore 188778
Industry consultant	**Frost & Sullivan Limited** Suite 1706 One Exchange Square 8 Connaught Place Hong Kong
Property valuer	**Roma Appraisals Limited** 22/F., China Overseas Building 139 Hennessy Road Wan Chai Hong Kong

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 5705, 57th Floor The Center 99 Queen's Road Central Hong Kong
Headquarters and principal place of business in Singapore	Blk 20, Ang Mo Kio Industrial Park 2A #07–33 AMK Techlink Singapore 567761
Company secretary	**Mr. Ng Chit Sing**, *HKICS, ICSA* Rooms 802–804 8/F., Kin Wing Commercial Building 24–30 Kin Wing Street Tuen Mun New Territories Hong Kong
Authorised representatives	**Mr. Ho Lien Hwai** 359 Ang Mo Kio Avenue 2 Singapore 567835 **Mr. Ng Chit Sing**, *HKICS, ICSA* Rooms 802–804 8/F., Kin Wing Commercial Building 24–30 Kin Wing Street Tuen Mun New Territories Hong Kong
Compliance officer	**Mr. Ho Lien Hwai** 359 Ang Mo Kio Avenue 2 Singapore 567835
Audit committee	Mr. Lau Wang Lap *(Chairman)* Mr. Ng Chye Kim Mr. Chan Shun Yin

Remuneration committee	Mr. Ng Chye Kim *(Chairman)* Mr. Ho Lien Hwai Mr. Chan Shun Yin
Nomination committee	Mr. Chan Shun Yin *(Chairman)* Ms. Ng Mei Yun Mr. Lau Wang Lap
Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	**Fortune Financial Capital Limited** Units 4301–8 & 13 43/F, COSCO Tower 183 Queen's Road Central Hong Kong
Principal banker	**DBS Bank Limited** 12 Marina Boulevard Level 3 Marina Bay Financial Centre Tower 3 Singapore 018982
Company website	**www.honindustries.com.sg** (*Note:* The contents of this website do not form part of this prospectus)

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information prepared by Frost & Sullivan has not been independently verified by us, the Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer (which for the purpose of this paragraph, excludes Frost & Sullivan) nor is any representation given as to its accuracy or completeness. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of Singapore.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the construction services industry in Singapore. The report prepared by Frost & Sullivan for us is referred to in the prospectus as the Frost & Sullivan Report. A total fee of HK$400,000 was paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type.

Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

The Frost & Sullivan Report was undertaken through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publication from publicly available sources, including official data and announcements from government agencies, and company reports, independent research reports and data based on Frost & Sullivan's own data base.

Basis and assumptions

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in Singapore is likely to remain stable in the forecast period, and (ii) industry key drivers are likely to drive the growth of the construction services industry in Singapore in the forecast period.

On these bases, our Directors are satisfied that the forecasts and industry data disclosed in this section are not misleading. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or have adverse impact on the information in this section.

MACRO ECONOMIC ENVIRONMENT IN SINGAPORE

In 2017, Singapore's nominal GDP reached approximately S$447.3 billion at a CAGR of approximately 4.2% since 2012, according to the Singapore Department of Statistics. Driven by the domestic demand and the loose fiscal policy of the Singapore government, Singapore's nominal GDP is expected to sustain a long-term growth. It is estimated that Singapore's nominal GDP will reach approximately S$542.6 billion at the end of 2022 from approximately S$467.0 billion in 2018, representing a CAGR of approximately 3.8%.

Driven by the development of Singapore's construction industry, the infrastructure investment has increased continuously in recent years. From 2012 to 2016, the infrastructure investment grew at a CAGR of approximately 8.2%, with the number rising from approximately S$13.6 billion in 2012 to

approximately S$18.7 billion in 2016. As the government of Singapore has been encouraging and supporting the infrastructure building projects, such as the metro construction, airport extension, and the Housing & Development Board ("**HDB**") flat program project, the investment in infrastructure is expected to grow stably in the future. It is estimated that by 2022, the infrastructure investment will reach approximately S$28.6 billion, at a lower CAGR of approximately 7.7% from 2017 to 2022.

The HDB is Singapore's public housing authority, providing various commercial, recreational, and social amenities for residents' convenience. With the continuous economic development in Singapore, the properties units under the management of HDB have been on the rise. From 2012 to 2016, the properties units under the management of HDB have experienced an increase from 922,493 units to 1,010,613 units, representing a CAGR of approximately 2.3%, according to the Singapore Department of Statistics. With the further implementation of HDB's policy, there will be more quality and affordable public housing for generations of Singaporeans. Due to a steady pipeline of new public housing construction and upgrading works for HDB flats, the properties units under the management of HDB is projected to reach 1,125,872 units in 2022, registering a CAGR of 1.7% since 2017, according to Frost & Sullivan Report.

OVERVIEW OF CONSTRUCTION SERVICES INDUSTRY IN SINGAPORE

Definition and classification

Construction is a process of constructing a building or infrastructure. Construction project generally starts with planning, design, and financing; and continues until the project is built and ready for use. Construction works comprises excavation works, piling works, pre-cast concrete works, masonry works, water-proofing works, interior and external decoration works, mechanical & electrical works including air-conditioning, refrigeration & ventilation, electrical engineering, fire prevention & protection, plumbing & sanitary works, etc., and maintenance works including landscaping, housekeeping, cleansing, desilting & conservancy service, etc.

According to Building and Construction Authority (BCA), which is an agency under the Ministry of National Development, championing the development of an excellent built environment for Singapore, there are seven major groups of registration heads, namely Construction Workheads (CW), Construction Related Workheads (CR), Mechanical & Electrical Workheads (ME), Maintenance Workheads (MW), Trade Workheads (TR), Supply Workheads (SY) and Regulatory Workheads (RW). The Contractors Registry is administered by the BCA to serve the procurement needs of government departments, statutory bodies and other public sector organizations including first level sub-contractors involved in government projects.

Singapore construction services industry is categorized into two categories, namely civil engineering and building works. Building works include four aspects which are residential, commercial, industrial, and institutional and others. There are also public sector and private sector in construction services industry. Public sector construction includes all construction activities related to the government and its subsidiaries. Private sector construction includes all non-government construction activities.

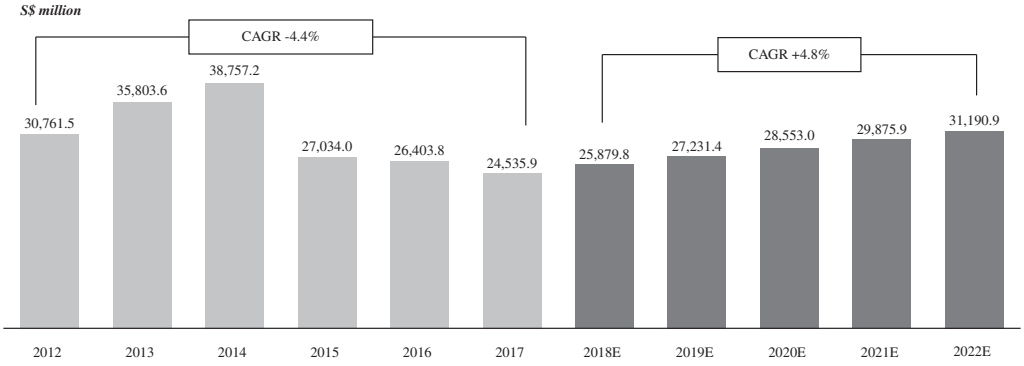
There are mainly four upstream suppliers in the construction services industry which are raw material suppliers, equipment suppliers, subcontractors and labour service suppliers. Raw material suppliers provide construction materials like cement bulk, steer bars, concreting sand, granite and ready mix concrete to the midstream construction services providers. Equipment suppliers offer standardized or customized machines and facilities to construction services providers. Subcontractors perform specific tasks as part of the overall project. Labour service suppliers help construction services providers to find acceptable construction workers and employees, and manage related human resource issues. Singapore construction services providers generally focus on construction services projects in public sector, private sector or both sectors. The downstream clients are in different areas that include residential, commercial, industrial, and institutional and others.

Market Size of Construction Services Industry in Singapore

The awarded contracts in Singapore construction services industry include private sector and public sector. Due to private developers adopted relatively cautious stance amid a slowdown in private home sales and global economic uncertainties, the overall contract awarded value moderated from

approximately S$30,761.5 million in 2012 to approximately S$24,535.9 million in 2017, representing a CAGR of approximately -4.4%, according to the Singapore Department of Statistics. With the increasing construction demand in both public and private sector and the supportive policies carried out by the government, there will be sustained emphasis on construction productivity and quality improvement in the next few years. Therefore, the total contract awarded value is projected to gradually grow to approximately S$31,190.9 million in 2022, representing a CAGR of approximately 4.8%.

Construction Contract Awarded Value (Singapore), 2012–2022E

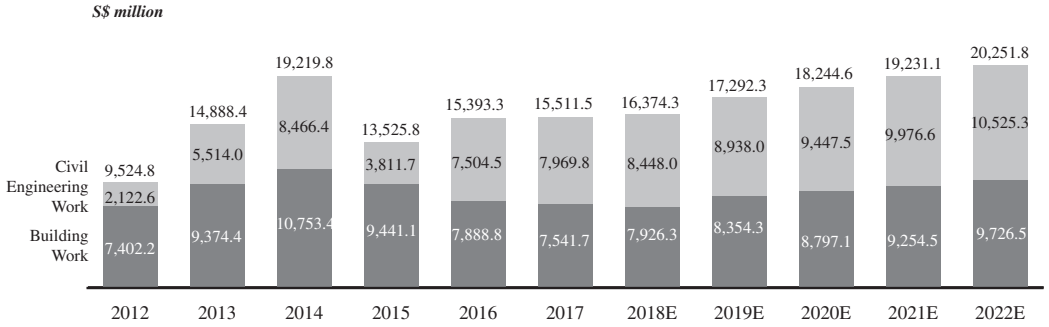


Source: Singapore Department of Statistics; Frost & Sullivan Report

The contract awarded value in public sector can be divided into civil engineering work and building work. Civil engineering work under the public sector experienced tremendous growth from 2012 to 2014 due to large public construction proposals such as MRT expansion and PUB drainage system upgrading and establishment; therefore, it significantly affected the CAGR of civil engineering work under public sector which is approximately 30.3% from 2012 to 2017, according to the Singapore Department of Statistics. The growth slowed down in 2015 due to lack of new construction projects; however, the number continued to increase slowly and is expected to reach approximately S$10,525.3 million in 2022. From 2018 to 2022, the CAGR of civil engineering work under public sector is expected to be approximately 5.7% due to the stable and consistent increase. Though the public housing projects moderately slowed down in 2015 in consideration of the rescheduling of a few major public infrastructure contracts such as MRT projects from the fourth quarter, the total contract awarded value has increased from approximately S$9,524.8 million in 2012 to approximately S$15,511.5 million in 2017, representing a CAGR of approximately 10.2%, according to the Singapore Department of Statistics. Due to an increase in industrial projects and the sustained pipeline of institutional and civil engineering works, the total contract awarded value in public sector is projected to reach approximately S$20,251.8 million in 2022, representing a CAGR of approximately 5.5% from 2018 to 2022.

Construction Contract Awarded Value — Public Sector (Singapore), 2012–2022E

	Total public sector	Building work under public sector	Civil engineering work under public sector
CAGR 2012–2017	10.2%	0.4%	30.3%
CAGR 2018E–2022E	5.5%	5.2%	5.7%

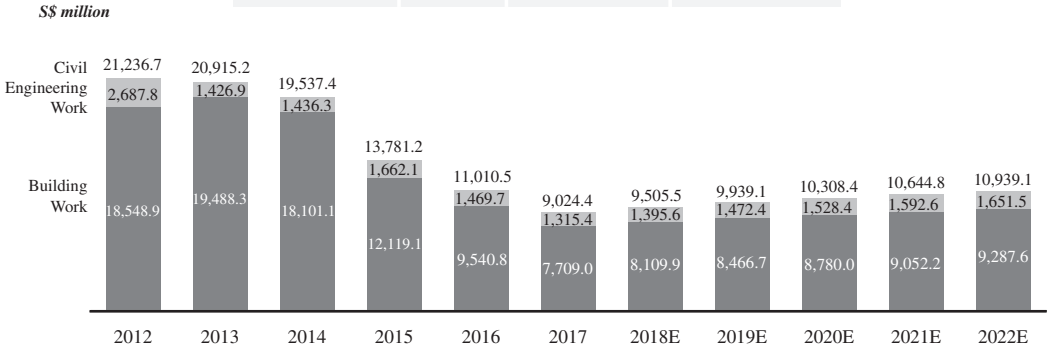


Source: Singapore Department of Statistics; Frost & Sullivan Report

The contract awarded value in private sector can be divided into civil engineering work and building work. For building work, there are segmentations as private residential, private commercial, private industrial, private institutional and other works. However, due to less favorable economic conditions and an increased supply of completed private housing and offices projects, the total contract awarded value in private sector has decreased to approximately S$9,024.4 million in 2017, representing a CAGR of approximately -15.7%, according to the Singapore Department of Statistics. In the long term, the contract awarded value in private sector is expected to increase gradually, boosted by the redevelopment of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook in other economic sectors. Hence, the overall contract awarded value in private sector is projected to increase to approximately S$10,939.1 million in 2022, representing a CAGR of approximately 3.6%. For the contract awarded value in building work and civil engineering work under private sector, it will also increase to approximately S$9,287.6 million and S$1,651.5 million in 2022, representing CAGRs of approximately 3.4% and 4.3% from 2018 to 2022 respectively.

Construction Contract Awarded Value — Private Sector (Singapore), 2012–2022E

	Total private sector	Building work under private sector	Civil engineering work under private sector
CAGR 2012–2017	-15.7%	0.4%	30.3%
CAGR 2018E–2022E	3.6%	5.2%	5.7%



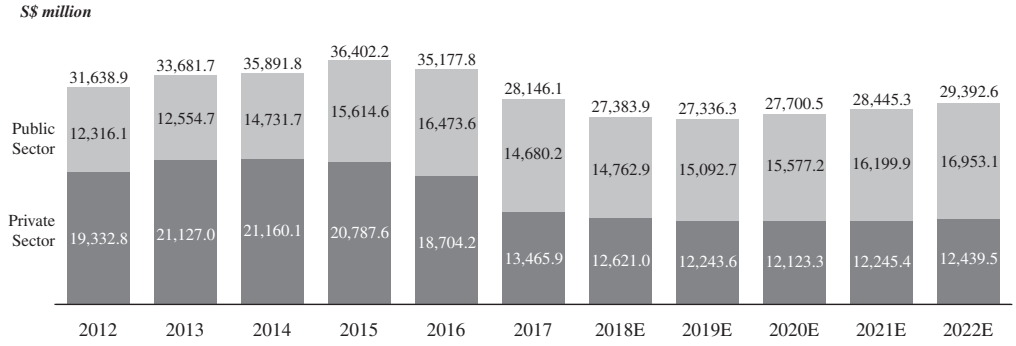
Source: Singapore Department of Statistics; Frost & Sullivan Report

According to the annual media release of BCA, with the positive policy and increasing demand in construction services, the total market size of Singapore construction services industry has experienced a steady growth from approximately S$31,638.9 million in 2012 to approximately S$36,402.2 million in 2015. However, due to the continued drag from the significant slowdown in private sector construction demand since 2015, the total certified progress payment of Singapore construction services industry remained subdued from approximately S$35,177.8 million in 2016 to approximately S$28,146.1 million in 2017, representing a total CAGR of approximately –2.3% between 2012 and 2017. Looking ahead at the improved market outlook in the next few years, the certified progress payment of construction services industry is anticipated to strengthen over the medium term. Since the overall on-site construction activities or construction output are expected to stay at a relatively high level, the overall construction demand prospects over the medium term as well as the long term will continue to be bolstered by a strong pipeline of public sector construction projects. Hence, the total market size by certified progress payment of Singapore construction services industry is projected to grow to approximately S$29,392.6 million in 2022, at a CAGR of approximately 1.8% since 2018.

The growth of construction service industry in Singapore is primarily driven by the development of the public sector. To improve residents' living standard and increase resident home-ownership rate, Singapore government has made a series of efforts, including investing more in infrastructure and providing affordable public housing properties (such as HDB flats) in the market. Also, civil engineering-related construction projects such as MRT expansion and PUB drainage system upgrading and establishment help to drive the construction demand of the public sector. Hence, the total market size of public sector by certified progress payment has increased from approximately S$12,316.1 million in 2012 to approximately S$14,680.2 million in 2017, representing a CAGR of approximately 3.6%, according to the Singapore Department of Statistics and is expected to amount to S$16,953.1 million in 2022, at a CAGR of 3.5% from 2018. The following chart set forth the market size of construction services industry in Singapore by certified progress payment from 2012 to 2022.

Market Size by Certified Progress Payment of Construction Services Industry (Singapore), 2012–2022E

	Total	Public Sector	Private Sector
CAGR 2012–2017	–2.3%	3.6%	–7.0%
CAGR 2018E–2022E	1.8%	3.5%	–0.4%

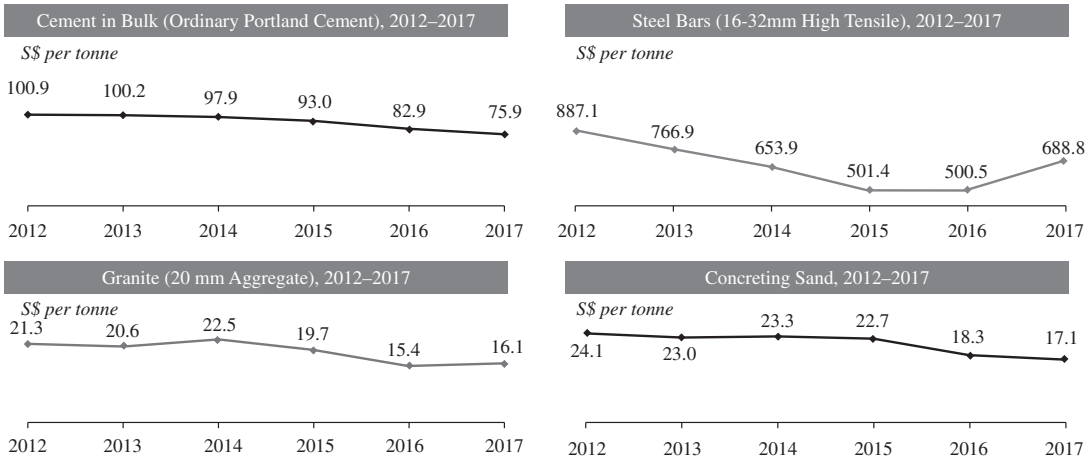


Source: Singapore Department of Statistics; Frost & Sullivan Report

Raw Material Analysis

The overall cost control of construction services industry is affected by fluctuations in prices of raw materials. In general, the main raw materials in the construction services industry in Singapore consist of cement, steel bars, granite and concreting sand. Prices for all raw materials recorded a negative CAGR over 2012 to 2017 since demand could not meet supply, with lowest prices recorded in 2016 or 2017 compared to the last four years. The average price of cement in bulk (ordinary portland cement) continued to decrease from approximately S$100.9 per tonne in 2012 to approximately S$75.9 per tonne in 2017, according to the Singapore Department of Statistics. The average price of steel bars (16–32mm high tensile) decreased from approximately S$887.1 per tonne in 2012 to approximately S$500.5 per tonne in 2016 and recovered to S$688.8 per tonne in 2017, according to the Singapore Department of Statistics. Granite (20mm aggregate) and concreting sand both have fluctuated average prices. The average price of granite (20mm aggregate) changed from approximately S$21.3 per tonne in 2012 to approximately S$16.1 per tonne in 2017, and the average price of concreting sand decreased from approximately S$24.1 per tonne in 2012 to approximately S$17.1 per tonne in 2017, according to the Singapore Department of Statistics.

Average Raw Material Prices Analysis

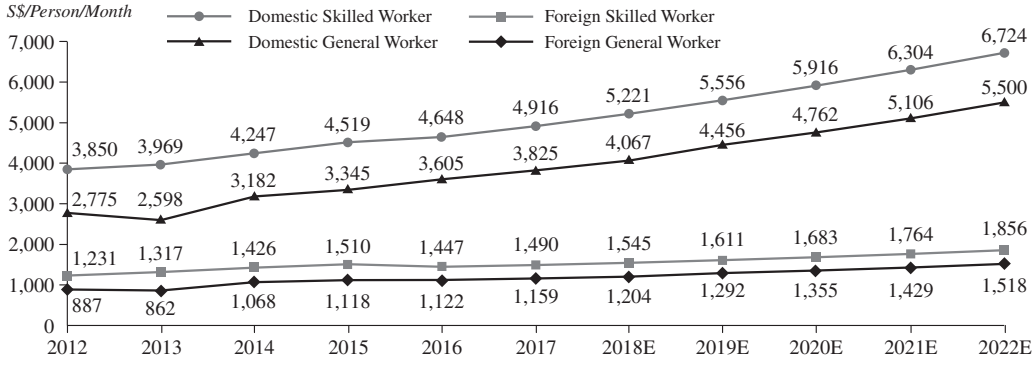


Source: Frost & Sullivan Report

Labor Cost Analysis

The average monthly salary of domestic skilled and general workers in Singapore construction services industry remained at a high level, increasing from approximately S$3,850 and S$2,775 per person/month in 2012 to approximately S$4,916 and S$3,825 per person/month in 2017. With the sustained growth of Singapore economy and the development of construction services industry, the average monthly salary of domestic skilled and general workers in Singapore construction services industry is expected to experience a further increase and amount to approximately S$6,724 and S$5,500 per person/month in 2022. To achieve better cost control, Singapore construction services industry employ a large number of foreign workers. The average monthly salary of foreign skilled and general workers in Singapore construction services industry increased from approximately S$1,231 and S$887 per person/month in 2012 to approximately S$1,510 and S$1,118 per person/month in 2015. Influenced by the slowdown of private sector construction demand since 2015, the average monthly salary of foreign skilled workers slightly decreased to approximately S$1,447 per person/month in 2016; however, the average monthly salary of foreign skilled workers reached back to approximately S$1,490 per person/month in 2017 since the overall Singapore construction services industry continued to develop. With the increasing number of on-site construction activities, the demand for construction workers will be affected. The average monthly salary of foreign skilled and general workers is projected to increase to approximately S$1,856 and S$1,518 per person/month in 2022.

Average Monthly Salary of Construction Workers (Singapore) 2012–2022E



Source: Frost & Sullivan Report

Market Drivers

— *Increasing Government Support for Public Residential Properties*

The increasing number of public residential properties, especially for HDB flats, stimulates the construction services industry to develop further. Singapore government established supporting policy measures and provided a large amount of affordable HDB flats to its residents. HDB, as Singapore's public housing authority, is constantly working to develop public housing towns that provide its residents with quality homes and living environments. The authority is also taking effort to ensure the cost-effectiveness and quality standards of these flats are maintained and continually improved upon. In this case, the properties units under the management of HDB increased from 922,493 units in 2012 to 1,010,613 units in 2016, representing a CAGR of approximately 2.3%. According to HDB's statement, HDB flats are home to over 80% of Singapore's resident population. HDB flats are available in different sizes and locations completed in 23 towns and 3 estates. Singapore government has adopted various measures to keep the public housing price at a relatively stable level. For instance, more residents could afford to purchase HDB flats by applying to CPF Housing Grants or accepting tailored schemes to help them with their cash flow or reduce their cash outlay. HDB flats have gradually become the preferred choice by most Singapore residents. The properties units under the management of HDB is expected to reach 1,125,872 units in 2022, demonstrating a CAGR of approximately 1.7% from 2017 to 2022. The increasing growth potential of HDB flats strengthens the demand of public residential properties of Singapore in the future, thus, it accelerates the development of Singapore's construction services industry.

— *Nationwide initiative to increase the population*

Public residential development is expected to grow over the next few years supported by Singapore Government's initiatives to increase the overall population, so the construction services industry will encounter more business opportunities in the future. One of the Singapore population initiatives is the Singapore Population White Paper. It was released and projected to raise the population to approximately 6.9 million by the year of 2030. Along with a series of detailed policies, such as the Baby Bonus Scheme which states that every household can get S$8,000 bonus for the first or second newborn baby and S$10,000 bonus for the third or subsequent newborn baby, which support couples in their decision to have more children. Moreover, Singapore immigration policies have been favoring the introduction of highly educated students and talented personnel, and the government grants 15,000 to 25,000 new citizenships annually into Singapore. The overall Singapore population has increased from approximately 5.3 million in 2012 to approximately 5.6 million to 2017, representing a CAGR of approximately 1.1%. The Singapore population is forecasted to have an increasing tendency and reach approximately 5.9 million in 2022. Thus, the construction demand for the residential sector and infrastructure is projected to increase over the next few years. The growing population is also likely to increase the number of buildings and facilities for education, commercial, recreational and other activities; therefore, an increase in population will drive the demand for Singapore's construction services.

— *Increasing Demand for A&A Works*

Due to Singapore's limited land area and rapid development of newly constructed buildings, the increasing demand for addition and alteration ("**A&A**") work significantly drives Singapore construction services industry to grow further. As time goes by, the building system may gradually reach the end of its usage life, which would mainly rely on A&A work to extend the usage lives of existed building systems and facilities. In 2016, Singapore's Minister for National Development announced that it had asked the Building and Construction Authority to intensify its audits of lifts, which would also increase the demand of A&A market. Also, the Singapore government has strongly supported the development of tourism industry; therefore, the rising number of visitors has prompted the implementation of A&A works at retail buildings, hotels, restaurants, etc. Moreover, the demand of second-hand housing from foreigners has also stimulated the redesign and update of existing building infrastructure, which would bring substantial A&A work opportunities to construction services providers. Hence, the increasing demand of A&A work will drive the construction services industry in Singapore to expand and grow further.

Entry Barriers

— *Proven track record*

Holding a strong proven track record is of great importance in the construction services market competition in Singapore. A trustworthy and proven track record is the key tender evaluation criteria in awarding the tender or with other Singapore agencies in respect of projects of similar nature or complexity. A proven track record on quality, safety and ability to execute projects timely and reliably would be highly evaluated by agencies, especially the Singapore Government agencies. However, a strong proven track record requires substantial time for construction service providers, especially the new entrants of the market to enrich their project profiles and establish a proven project track record, which will restrain the development of new entrants in the market.

— *Technology barrier*

Since the construction services industry is based on technology superiority, the technology including excavation technology, piling technology, M&E technology, etc., applied on construction services industry has upgraded rapidly and of great importance to the construction efficiency and building quality. As a construction services provider, the capability of technology innovation and implementation is the key to meet the changing requirements of the industry and stay at the forefront of the market. However, the upgrading of construction technology requires not only a mature research

team, but also a large amount of capital investment, which is quite difficult for new entrants to organize an experienced research team in a relatively short time and invest sufficient capital on technology research and development.

— *Solid construction networks*

Since construction services providers usually perform as the main contractor in the provision of building and construction works, they have to establish long-term and stable cooperation relationships with upstream suppliers and downstream clients. An experienced contractor with reliable construction workforce will be capable of handling large construction building projects. Such networks and skilled workforce grew over the years with significant investment and management. Newer industry players would have to compete against industry players who have mature company setup and networks, and would not likely be able to build solid construction experiences and networks in a short time.

Market Threats and Challenges

— *Stringent regulatory environment*

The construction services industry in Singapore is regulated by BCA and various regulatory institutions. These regulatory bodies stipulate the criteria that must be satisfied before permits and licenses are granted to, and/or renewed. For instance, BCA states that parties like the developer, the qualified persons and the builder who will carry out the works must apply a permit in order to carry out certain structural works. The industry criteria have been updated continuously with the development of the construction services industry. The compliance with such strict regulatory regimes requires the market players to be equipped with proven qualifications to stay competitive in the market.

— *Shortage of labour*

In Singapore, the average monthly salary of domestic construction workers is higher than that of foreign workers; therefore, construction services providers prefer to employ foreign workers which could significantly reduce their costs and better control their overall expenditure. However, the Singapore Government has established several policies to regulate the number of foreign construction workers in order to lower the domestic unemployment rate and encourage enterprises to employ more domestic workers. For instance, foreign workers have to apply for construction work permits that restrict nationalities, ages, and maximum period of employment of workers. Furthermore, the number of work permit holders that enterprises could hire is limited by quota and subject to a levy. These policies have indirectly led to a labour shortage in Singapore's construction services industry, and significantly influence the rate of progress, development and budgeting for construction services projects in the future.

— *Other challenges*

Different construction services projects could pose different types of challenges. The initial construction schedule and plan might need to be altered due to uncertain and unpredictable external environment events. Furthermore, these factors could affect the progress of construction projects and generate additional costs for construction services providers. Enterprises need to be well prepared for uncertainties in order to better manage the overall progress of the construction services project.

Development Trends

— *Technology Upgrading*

The continuously upgrading technology plays an important role, as it helps the contractors to meet changing requirements and stay at the forefront in the construction services industry. PPVC (Prefabricated Prefinished Volumetric Construction) technology is one of the latest construction methods whereby free-standing volumetric modules are manufactured and assembled at an offsite location, and then installed on-site. It helps shorten the timescale of the building projects; reduce the noise caused by on-site building works, and largely save labor cost. BIM (Building Information Modeling) is an intelligent 3D model-based process that equips architecture, engineering, and construction professionals with the insight and tools to efficiently plan, design, construct, and manage

buildings. By using 3D models on design drawings, potential construction problems can be tackled and working productivity can be improved. It is expected that the demands of BIM specialists and equipment related to BIM enhancement will grow. Green building becomes an important area where Singapore construction service industry should focus to meet both domestic and global demands. Compared to non-green building, green building saves energy, hence lowers utility bills and operational cost, attributed by the usage of solar panel, energy efficient appliances and other energy saving features. Employees working in green office buildings tend to have higher productivity and efficiency, which is attributed to interior design, landscaping and natural features. To promote the technologies mentioned above, BCA has already taken some actions, such as adopting PPVC modular system in a certain percentage of a construction and targeting to green 80% of all buildings by 2030.

— *Industry integration*

The Singapore construction services industry is highly fragmented with 1,811 contractors registered under the CW01 ''General Building'' workhead and 993 contractors registered under CW02 ''Civil Engineering'' workhead as at the Latest Practicable Date. A contractor who owns more resources and develops core competence is more likely to stand out in the market. Thus, many contractors will try to expand their internal resources in relation to works which they have subcontracted. Meanwhile, it is expected that merger and acquisition activities will become more active in Singapore construction services industry in the future to better utilize human resource, land resource and technology resource and then improve efficiency of Singapore construction service industry. The companies' collaboration may happen not only between competitors, but also between upstream and downstream participants through the contractor industry value chain. Hence, the industry integration of construction services is expected to be more active in the future.

— *Overseas expansion*

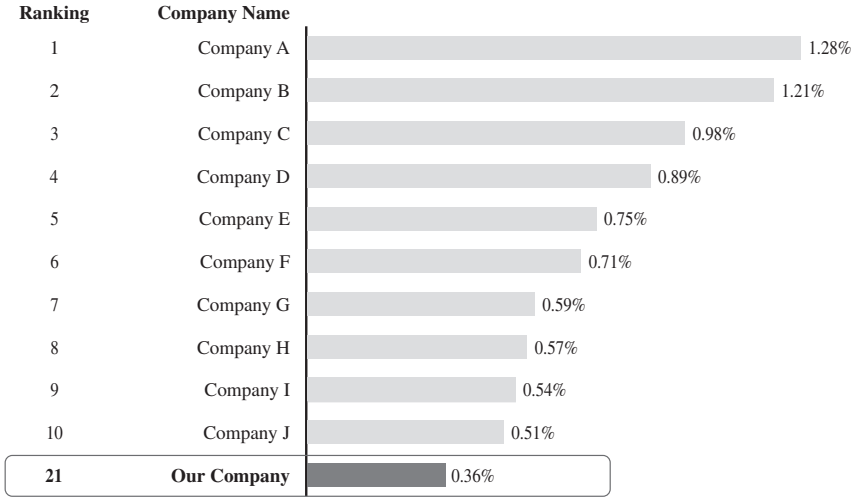
Singapore's construction services industry is recognised internationally for their high standards of quality construction. Singapore consultancy firms also continued to thrive in overseas market, especially in Asian countries. According to the BCA's Construction Expert Survey 2016, the number of overseas projects secured by Singapore contractors and consultants nearly doubled in 2015, from 152 projects in 2014 to 282 projects in 2015, which indicated a high acceptance and recognition of Singapore's construction services suppliers by overseas market. In addition, the Singapore BCA Green Mark standard has evolved over the past 12 years and is recognised internationally, there are close to 300 Green Mark projects in approximately 80 cities in China and the U.S. at the end of 2017. The expertise of Singapore constructors, especially in the field of green building, has been gaining more reputation, and is expected to be introduced and developed in more overseas countries. Hence, the reputable construction services provided by Singapore contractors will attract more overseas demand, and contractors will also seek global opportunities to promote their reputation and strengthen their project profiles.

COMPETITIVE LANDSCAPE ANALYSIS

The Singapore construction services industry is fragmented, representing a highly competitive landscape, with each market player having a fraction of the market share. Based on information available in public domain as at the Latest Practicable Date, 1,811 companies were registered under the construction workhead of CW01-General Building; 993 companies were registered under the construction workhead of CW02-Civil Engineering.

The total certified progress payment of Singapore construction services industry was approximately S$28,146.1 million in 2017. Based on the revenue in 2017, the top ten construction services companies in Singapore accounted for approximately 8.01%, and the top 20 players accounted for approximately 12.24% of the total market. Our Company is ranked the 21st with a market share of approximately 0.36%.

Top Ten Players by Revenue of Construction Services Industry (Singapore), 2017



Source: Frost & Sullivan Report

Competitor Profiles

The top ten construction services companies are all based in Singapore. Company A is held by a public company and its main business includes construction and civil engineering works. Company B is held by a public company and it provides fully integrated services in the construction industry. Company C is a public company and its main services include general building construction and civil engineering works. Company D is held by a public company and it focus on tensioning, stay cable systems, heavy lifting, bridge design and construction and maintenance repair and retrofitting works. Company E is held by a public company and its main business includes excavation, piling, substructures and superstructures works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works, external works and landscaping. Company F is a private company and it focuses on building works and civil engineering works. Company G is held by a public company and it offers construction and civil engineering works. Company H is held by a public company and its services include building construction works, addition and alteration works, upgrading works, interior decoration works, loose furniture & build-in fitments and M&E works. Company I is held by a public company and its business covers building and civil engineering works. Company J is held by a public company and its main business includes commercial construction, education construction, and industrial construction.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

Licensing regime for contractors in Singapore

General Builder's Licence

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 and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control ("**CBC**") 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 GB Licence and the specialist builder's licence. Further, there are two classes of GB Licence: a GB1 Licence authorises the builder to carry on the business of a general builder generally, while a GB2 Licence authorises the builder to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S$6 million. Any person who advertises or holds himself out or conducts himself in any way or by any means as a person who is authorised to carry on the business of a general builder or a specialist builder, or carries on the business of a general builder or specialist builder, without a valid GB Licence or a specialist builder's licence, shall be guilty of an offence and liable on conviction to: (a) a fine not exceeding S$20,000 or to imprisonment for a term not exceeding 12 months or to both; (b) a further fine not exceeding S$500 for each day or part thereof the person fails, without reasonable excuse, to comply with the relevant requirements; and (c) in the case of a continuing offence after conviction, to a further fine not exceeding S$1,000 for every day or part thereof during which the offence continues after conviction.

As at the Latest Practicable Date, our principal operating subsidiary, Hon Industries, holds a GB1 Licence, the expiry date of which is 16 June 2021.

Builders who hold a GB1 Licence are required to comply with requirements of the Construction Registration of Tradesmen Scheme ("**CoreTrade**") for the registration of construction personnel. CoreTrade is a registration scheme, administered by the BCA, for skilled and experienced construction personnel in the various key construction trades. All contractors holding a GB1 Licence and carrying out building works with project contract values of S$20 million and above will be required to deploy a minimum number of CoreTrade personnel in such projects. The builder is required to lodge with the CBC a manpower programme which will set out the number and proportion of registered construction personnel to be deployed for the project. Failure to lodge a manpower programme or comply with the manpower programme lodged may result in the revocation of the builder's GB Licence by the CBC.

The CBC may by order revoke any GB Licence or specialist builder's licence if he is satisfied that, among others: (i) the builder has failed to comply with certain conditions of the builder's licence; (ii) the builder has been convicted of an offence under the Building Control Act; or (iii) the conduct of any

director, manager or employee of the builder (which is a corporation) affords grounds for believing that the builder will not be able to carry on the business of a general builder or specialist builder, as the case may be, in Singapore in accordance with any written law and with honesty and integrity. The CBC may, in any case which he considers that there is no cause of sufficient gravity for revoking any builder's licence, (i) suspend the licence for a period not exceeding six months, (ii) impose a financial penalty not exceeding S$20,000 on the builder, (iii) censure the builder, or (iv) impose such other direction or restriction as he considers appropriate on the builder's business as a general builder or specialist builder, as the case may be.

Contractor's Registration System

The CRS is administered by the BCA. While business entities which are not registered with the BCA are not restricted from conducting business as contractors or suppliers outside the public sector, registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. At present, there are seven major categories of registration under the CRS, each of which is further subdivided into two or more sub-categories, and registered contractors may be assigned grades under their relevant sub-category.

The grade assigned to a contractor that is registered with the BCA is subject to the fulfilment of certain grade requirements relating to, among others, track record, performance, financial capacity and personnel resources.

As at the Latest Practicable Date, our principal operating subsidiary, Hon Industries, is registered with the BCA under the following workheads:

Workheads	**Title**	**Scope of work**	**Grade**	**Expiry Date**
CW01	General Building	(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 carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. (b) Addition and alteration works on buildings involving structural changes. (c) Installation of roofs.	A2	1 July 2021

Workheads	Title	Scope of work	Grade	Expiry Date
CW02	Civil Engineering	(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 carparks and related works such as kerbs and footways. (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. (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 oil rigs or any floating platform.	C1	1 July 2021
CR06	Interior Decoration and Finishing Works	Interior design, planning and the decoration of buildings. This includes ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling.	L5	1 July 2021
CR13	Waterproofing Installation	Waterproofing of basements, roofs and walls. Firms which undertake only roofing works should register under CW01.	L1	1 July 2021
ME01	Air-Conditioning, Refrigeration and Ventilation Works	The installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems.	L5	1 July 2021

Workheads	Title	Scope of work	Grade	Expiry Date
ME05	Electrical Engineering	The installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations (e.g. lightings) in building and marine vessels.	L5	1 July 2021
ME06	Fire Prevention and Protection Systems	Installation and maintenance of fire alarm, prevention and protection systems. This head may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract.	L3	1 July 2021
ME12	Plumbing and Sanitary Works	Installation, repairs and servicing of water and gas pipes, sanitary works and plumbing fixtures.	L3	1 July 2021
ME15	Integrated Building Services	The installation, commissioning, maintenance and repairs of building services, which include some or all of the following: ME01, ME02, ME04, ME05, ME06, ME08, ME11, and ME12.	L5	1 July 2021
MW03	Landscaping	Provision of landscaping services including tree planting and turfing.	L1	1 July 2021

The tendering limits for different grades of major categories that Hon Industries is registered for under the CRS are summarised below:

Construction Workheads (CW01 and CW02)

Tendering Limit	A1	A2	B1	B2	C1	C2	C3
1 July 2017 to 30 June 2018 *(S$'million)*	Unlimited	85	40	13	4	1.3	0.65
1 July 2018 to 30 June 2019 *(S$'million)*	Unlimited	85	40	13	4	1.3	0.65

Specialist Workheads (CR, ME, MW and SY)

Tendering Limit	Single Grade	L6	L5	L4	L3	L2	L1
1 July 2017 to 30 June 2018 *(S$'million)*	Unlimited	Unlimited	13	6.5	4	1.3	0.65
1 July 2018 to 30 June 2019 *(S$'million)*	Unlimited	Unlimited	13	6.5	4	1.3	0.65

To maintain its existing workheads and grades, Hon Industries is required to comply with, among others, the following requirements:

Workheads	Requirements
CW01 (General Building) A2 Grade	• Have a minimum paid-up share capital and minimum net worth of S$6.5 million. • Secure, over a three year period, projects with an aggregate contract value of at least S$65.0 million, of which a minimum of S$32.5 million worth of the projects are executed in Singapore, S$48.75 million worth of the projects are executed from main contracts, and S$16.25 million worth of the projects are from a single main contract or nominated sub-contract (the percentage of the subcontract value taken into consideration shall be 50%). • Employ at least 12 registrable professionals[(1)] ("**RP**"), professionals[(2)] ("**P**") or technicians[(3)] ("**T**") with the requisite qualifications, with a minimum of four RPs and one RP/P/T who have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or being a Certified Construction Productivity Personnel. At least one third of the RP/P/T are required to have a minimum of 24 months of relevant experience in Singapore; out of the 24 months, at least 12 months of such relevant experience in Singapore must be within the last three years. All personnel are required to submit annual continuing education and training ("**CET**") declarations to the CRS. • Hold a GB1 Licence. • Obtain the following certifications: (i) ISO 9001:2008; (ii) ISO 14001; (iii) OHSAS 18001; and (iv) Green and Gracious Builders Scheme.

Workheads	Requirements
CW02 (Civil Engineering) C1 Grade	• Have a minimum paid-up share capital and minimum net worth of S$0.3 million. • Secure, over a three year period, projects with an aggregate contract value of at least S$3.0 million. • Employ at least one RP/P/T, with a minimum of one RP and one RP/P/T who has obtained a Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain the following certifications: (i) BizSAFE Level 3; and (ii) OHSAS 18001. • Hold a GB1 Licence or GB2 Licence.
CR06 (Interior Decoration and Finishing Works) L5 Grade	• Have a minimum paid-up share capital and minimum net worth of S$500,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$10.0 million, of which a minimum of S$1.0 million worth of the projects are from a single main contract or nominated sub-contract. • Employ at least one P or two Ts, one with at least 8 years of relevant experience and of which a minimum of one P/T has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.
CR13 (Waterproofing Installation) L1 Grade	• Have a minimum paid-up share capital and minimum net worth of S$10,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$100,000. • Employ at least one T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.

Workheads	Requirements
ME01 (Air-Conditioning, Refrigeration and Ventilation Works) L5 Grade	• Have a minimum paid-up share capital and minimum net worth of S$500,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$10.0 million of which a minimum of S$1.0 million worth of the projects are from a single main contract or nominated sub-contract. • Employ at least two Ts or one RP/P, one of which has at least 8 years of relevant experience and who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.
ME05 (Electrical Engineering) L5 Grade	• Have a minimum paid-up share capital and minimum net worth of S$500,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$10.0 million of which a minimum of S$1.0 million worth of the projects are from a single main contract or nominated sub-contract. • Employ at least two Ts or one RP/P, one of which has at least 8 years of relevant experience and who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.
ME06 (Fire Prevention and Protection Systems) L3 Grade	• Have a minimum paid-up share capital and minimum net worth of S$150,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$3.0 million. • Employ at least two Ts, with at least one RP/P/T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.

Workheads	Requirements
ME12 (Plumbing and Sanitary Works) L3 Grade	• Have a minimum paid-up share capital and minimum net worth of S$150,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$3.0 million. • Employ at least two Ts, with at least one RP/P/T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.
ME15 (Integrated Building Services) L5 Grade	• Have a minimum paid-up share capital and minimum net worth of S$500,000. • Secure, over a three year period, projects with an aggregate contract value of at least S$10.0 million of which a minimum of S$1.0 million worth of the projects are from a single main contract or nominated sub-contract. • Employ at least two Ts or one RP/P, one of which has at least 8 years of relevant experience and who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.
MW03 (Landscaping) L1 Grade	• Have a minimum paid-up share capital and minimum net worth of S$10,000. • Secure, over a three years period, projects with an aggregate contract value of at least S$100,000. • Employ at least one T with a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy. • Obtain bizSAFE Level 3 or OHSAS 18001 certification.

Notes:

(1) A registrable professional must have a minimum qualification of a degree in civil/structural, mechanical or electrical engineering recognised by the Professional Engineers Board or the BCA, or a degree in architecture recognised by the Board of Architects Singapore.

(2) A professional must have a minimum qualification of a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent.

(3) A technician must have a minimum technical qualification of any of the following:

(a) a diploma in civil/structural, mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic;

(b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in M&E Coordination awarded by the BCA Academy; or

(c) such other diplomas or qualifications as approved by the BCA from time to time.

As at the Latest Practicable Date, our principal operating subsidiary, Hon Industries, has obtained the requisite certifications as set out in the table above. Our Directors confirm that our Group has obtained all the necessary licences which are required to carry on our principal business activities in Singapore and that our Group has been in material compliance with all relevant laws and regulations relating to our licenses and registrations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Building Control Act

Under the Building Control Act which is administered by the BCA, the plans of any building works must be submitted to the CBC for approval and in the case of structural works, a permit must be granted by the CBC prior to carrying out of such structural works. Before an application to the CBC for approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("**Qualified Person**") to prepare the said plans, and to supervise the building works. The carrying out of concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him.

Under the Building Control Act, a builder undertaking any building works shall, among other duties: (a) ensure that the plans for building works are approved by the CBC, supplied to it by a Qualified Person, and carried out in accordance with the provisions of the Building Control Act and any other terms or conditions imposed by the CBC; (b) notify the CBC of any contravention of the Building Control Act or the building regulations relating to those building works; (c) keep all plans of those building works approved by the CBC and supplied to him by a Qualified Person at the premises on which the building works are carried; and (d) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations, and deliver such certificate to the CBC.

Minimum buildability and productivity standards are also prescribed under the Building Control (Buildability and Productivity) Regulations and the Code of Practice on Buildability. The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, among others, submission and approval of plans of building works, design and construction of buildings and installation of external features.

If the CBC is of the opinion that any building works are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property; (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of the building in respect of which building works are or have been carried out or any building, street or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street or land; or (iii) will render, or will be likely to render, or may have rendered the building in respect of which the building works are or have been carried out or any building, street, slope or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works so unstable or so dangerous that it will collapse or be likely to collapse (whether totally or partially), he may order or direct the developer of those building works to immediately stop the building works or to take such remedial or other measures as he may specify.

Building and Construction Industry Security of Payment Act

The BCISPA is administered by the BCA and facilitates payments for construction work done or for related goods or services supplied in the building and construction industry.

Any person who has carried out any construction work, or has supplied any goods or services, under a construction or supply contract is entitled to a progress payment. The BCISPA provides for, among others, the amount of progress payment to which a person is entitled to under a construction or supply contract, the valuation of the construction work carried out or goods and services supplied, and the due date of payment for progress payments.

The introduction of the BCISPA has rendered unenforceable "pay when paid" provisions in construction or supply contracts. In addition, the BCISPA endorses the following rights:

(a) 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;

(b) 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

(c) 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. Generally, our contracts with customers and subcontractors contain terms relating to progress payments. For

further details, please refer to the sections headed "Business — Customers — Key contract terms with customers" and "Business — Subcontractors — Key contract terms with subcontractors" in this prospectus.

Public Sector Standard Conditions of Contract for Construction Works

The PSSCOC for Construction Works was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC for Construction Works contains terms relating to, among others, the general obligations of the contractor, programme for the works, quality in construction, possession of site and commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

Singapore Institute of Architects Building Contracts

The Singapore Institute of Architects ("**SIA**") Lump Sum Contract ("**SIA Building Contracts**") was developed by the SIA to establish a standard contract form to be used in all private sector construction projects. The SIA Building Contracts contain terms relating to, among others, the contractors' obligations, the architects powers and duties, the programme for commencement, suspension and completion of the works, possession of site, quality of work and materials, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, termination, progress payments and final account and settlement of disputes.

Environmental laws and regulations

The EPHA is administered by the NEA. Under the EPHA, a person who, during the erection, alteration, construction or demolition of any building or at any time, fails 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 shall be guilty of an offence. Further, under the EPHA, the Director-General of Public Health may, on receipt of any information in respect of 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 EPHA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, amongst others, the EPHA and any regulations made thereunder.

The EPMA is administered by the NEA and provides for, among others, laws relating to environmental pollution control. The EPMA provides that no principal contractor of a construction site who has control of the construction site shall permit any person to: (a) use any or any class of

combustible material, fuel burning equipment or industrial plant as may be specified within such area or premises as may be designated and at such times as may be specified; (b) discharge or cause or permit to be discharged any trade effluent, oil, chemical, sewage or other polluting matters into any drain or land, without a written permission from the Director-General of Environmental Protection; or (c) discharge or cause or permit to be discharged any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

Pursuant to the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations ("**EPMNCR**"), the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site does not exceed the maximum permissible noise levels as set out in the Second Schedule to the EPMNCR. Further, the owner or occupier of any construction site located less than 150 metres from any hospital, home for the aged sick or residential building shall ensure that no construction work is carried out at his construction site on the days and during the times specified in the Fourth Schedule to the EPMNCR.

Pursuant to the Sewerage and Drainage Act (Chapter 294) of Singapore ("**SDA**"), which is administered by the PUB, no person may construct, alter, discontinue or close up any sewerage system, carry out any sanitary works, erect or cause or permit to be erected any object, building or structure over, across or adjacent to any sewer or sewerage system, or carry out or cause to be carried out any other works which adversely affect or are likely to adversely affect any sewer or sewerage system (whether directly or indirectly) unless such person obtains a clearance certificate or the approval of the PUB under section 33 of the SDA for those works. Further, under the Sewerage and Drainage (Surface Water Drainage) Regulations ("**SDSWDR**"), every person carrying out earthworks or construction works shall comply with the Code of Practice on Surface Water Drainage ("**Code of Practice**") issued under section 32 of the SDA, which sets out certain requirements including, *inter alia*, the requirement to ensure that earth control measures are provided and maintained in accordance with the Code of Practice.

In addition, pursuant to the Control of Vectors and Pesticides Act (Chapter 59) of Singapore, which is administered by the NEA, no person shall create or cause or permit to be created any condition favourable to the propagation or harbouring of vectors.

Workplace safety and health laws and regulations

Workplace Safety and Health Act

The WSHA provides that 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 (i) providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate with regards to facilities and arrangements for their welfare at work; (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees; (iii) ensuring that the employees are not exposed to hazards arising out of the 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; (iv) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and (v) ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work. The relevant regulatory body is the MOM.

Any person who breaches his duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S$1.0 million and, in the case of a continuing offence, with a further fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the Commissioner for Workplace Safety and Health ("**CWSH**") may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (a) 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 work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (b) any person has contravened any duty imposed by the WSHA; or (c) any person has done any act, or has 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 remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process 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 or process 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 introduced a single-stage Demerit Points System ("**DPS**") for the building and construction industry. All contractors in the building and construction industry will be issued with demerit points for breaches under the WSHA and its subsidiary legislation. Under the DPS, accumulation of a minimum of 25 demerit points but not more than 49 demerit points within a period of 18 months would trigger debarment of the contractor for a period of three months. Applications from the contractor 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.

The number of demerit points issued to contractors is based on the severity of offences committed, and the total number of demerit points for a contractor is calculated by adding the points accumulated from all the work sites under the same contractor.

During the Track Record Period and up to the Latest Practicable Date, we have been issued five demerit points under the DPS, due to an accidental fire that occurred on 16 May 2017 at the work site of our Project International School. We are subject to other construction risks such as fire, and the suspension of water and/or electricity facilities. Please refer to the section headed "Risk Factors — Risks relating to our business" in this prospectus for more details on other construction risks that we may be subject to. As at the Latest Practicable Date, our Group has not accumulated any other demerit points under the DPS.

Workplace Safety and Health (Incident Reporting) Regulations

Under the Workplace Safety and Health (Incident Reporting) Regulations, an employer must report a workplace accident to MOM (a) within ten days of the said accident, or (b) within ten days from the 4th day of medical leave in cases where an employee either is granted more than three days of medical leave and/or where an employee is hospitalised for more than 24 hours.

Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009 (''WSHSHMSAR'')

Under the WSHSHMSAR, the duties imposed on the occupier of a workplace include, among others: (a) implementing a safety and health management system (''**SHMS**'') for the purpose of ensuring the safety and health of persons at work in the workplace; (b) appointing a workplace safety and health auditor to audit the SHMS of the workplace at a frequency as specified in the WSHSHMSAR; and (c) conducting an internal review of the SHMS of the workplace at a frequency as specified in the WSHSHMSAR.

Workplace Safety and Health (General Provisions) Regulations (''WSHGPR'')

Under the WSHGPR, the occupier of a work site shall comply with regulations pertaining to health, safety and welfare of persons at work in a workplace. These include, among others, a duty: (a) to provide and maintain sufficient and suitable lighting in every part of the workplace in which persons are at work or passing; (b) to take all reasonably practicable measures to ensure that persons at work in the workplace are protected from excessive heat or cold and harmful radiations; (c) to ensure that every dangerous part of any electrical generator, motor, transmission machinery or other machinery in the workplace is securely fenced; and (d) to take all reasonably practicable steps to keep sources of heat or ignition separate from (i) flammable materials in the workplace; or (ii) any process carried on at the workplace that gives rise to any flammable gas or vapour.

In addition, under the WSHGPR, no hoist or lift or lifting gear of whatever material shall be used in a workplace and no lifting appliance or lifting machine shall be used unless an authorised examiner has tested and examined the hoist or lift after its installation, the lifting gear, lifting appliance or lifting machine, and issued and signed a certificate of test and examination, specifying the safe working load of the hoist or lift, the lifting gear, lifting appliance or lifting machine. It is the duty of the occupier of a workplace in which a hoist or lift or any lifting gear, lifting appliance or lifting machine is used to comply with the provisions of the WSHGPR.

Workplace Safety and Health (Registration of Factories) Regulations 2008 (''WSHRFR'')

Under the WSHRFR, any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or work site) as a ''factory'' with the CWSH.

A certificate of registration that is issued under the WSHRFR in respect of any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for purposes of gain shall remain in force from the date of its issue until such time as it is revoked in accordance with the WSHRFR.

As at the Latest Practicable Date, we have obtained the necessary Certificates of Factory Registration under the WSHRFR for all our construction work sites.

Workplace Safety and Health (Construction) Regulations 2007

Under the Workplace Safety and Health (Construction) Regulations 2007, the duties imposed on the occupier of a worksite include, among others, a duty to comply with regulations pertaining to: (i) the appointment of a workplace safety and health co-ordinator in respect of a worksite; (ii) ensuring a permit-to-work in respect of high-risk construction work is in effect prior to conduct of such work; (iii) structures and supports; (iv) storage and placement of materials and equipment; (v) protection against falling objects; (vi) slipping hazards; (vii) vehicular hazards; (viii) electrical safety; and (ix) disposal of materials, formwork structures, cranes, employee's lifts and material handling machinery.

Workplace Safety and Health (Scaffolds) Regulations 2011

Under the Workplace Safety and Health (Scaffolds) Regulations 2011, the duties imposed on the employer of a person who carries out or is to carry out any work involving the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold or the principal under whose direction such person carries out or is to carry out any such work include, among others: (a) ensuring that no person is involved in the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace unless he has successfully completed a training course acceptable to the CWSH, to equip him to perform the work of a scaffold erector; (b) appointing a scaffold supervisor before any construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace; (c) ensuring no scaffold is constructed, erected, installed, re-positioned, altered, maintained, repaired or dismantled in a workplace except under the immediate supervision of a scaffold supervisor; (d) ensuring that every scaffold, and every member or component thereof, in a workplace shall be of sound material, good construction and adequate strength, free from patent defects and suitable and safe for the purpose for which it is intended; and (e) ensuring that the work platform of a suspended scaffold in a workplace shall be securely fastened to the building or other structure in such a manner and at such intervals as to prevent the platform from swaying.

Workplace Safety and Health (Work at Heights) Regulations 2013

Under the Workplace Safety and Health (Work at Heights) Regulations 2013, the duties imposed on the occupier of every work site includes, among others: (a) establishing and implementing a fall prevention plan in accordance with the requirements of the approved code of practice relating to safe and sound practices for fall prevention; (b) ensuring that any person who carries out or is to carry out any work at height in a workplace is under the immediate supervision of a competent person for that work; (c) ensuring that every open side or opening into or through which a person is liable to fall more than two metres shall be covered or guarded by effective guard-rails or barriers to prevent fall; and (d) where a cover is provided in a workplace to prevent any person from falling, ensuring that the cover is of good construction, sound material and adequate strength to withstand the impact during the course of work in the workplace and is securely fixed in place to prevent accidental displacement.

Work Injury Compensation Act

The WICA, which is regulated by 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 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 subcontractor employer who were injured while employed in the execution of work for the principal.

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:

- submit a claim for compensation through MOM without needing to prove negligence or breach of statutory duty by employer. There is a fixed formula in the WICA on amount of compensation to be awarded; or

- 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 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.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed by him, unless specifically exempted.

Employment Act

The Employment Act sets out the basic terms and conditions at work for employees covered under the Employment Act, such as payment of salary, paid public holidays, sick leave and maternity leave. It is administered by MOM. Persons who are employed in a managerial or executive position and is in receipt of a salary exceeding S$4,500 per month, seafarers, domestic workers, statutory board employees or civil servants are not covered by the Employment Act. A workman is defined under the Employment Act to include 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, or any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and through the performance of his work.

Part IV of the Employment Act, which sets out requirements for, among others, rest days, hours of work and other conditions of service, only applies to certain categories of employees covered under the Employment Act, namely workmen who receive salaries not exceeding S$4,500 a month and employees other than workmen who receive salaries not exceeding S$2,500 a month ("**Part IV Employee**").

The Employment Act provides that a Part IV Employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, the Employment Act limits the extent of overtime work that a Part IV Employee can perform to 72 hours a month. Employers must seek the prior approval of the Commissioner for Labour ("**CL**") for exemption if they require a Part IV Employee or class of Part IV Employees to work for more than 12 hours a day or perform overtime work for more than 72 hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, by order in writing, exempt such Part IV Employee or class of Part IV Employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such Part IV Employee or class of Part IV Employees are employed.

An employer who breaches any provision of Part IV of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offence to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

From 1 April 2016, employers are required to issue to its employees who are covered by the Employment Act and who are employed for 14 days or more a written record of the key employment terms ("**KETs**") of the employee. The KETs required to be provided (unless inapplicable to such employee) include, among others, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, types of leave and other medical benefits.

MOM launched a month-long public consultation exercise on 18 January 2018 to seek feedback on areas being considered in the review of the Employment Act, including the extension of core provisions of the Employment Act, such as public holiday and sick leave entitlements, payment of salary and allowable deductions and redress for wrongful dismissal, to all employees and additional protection for more vulnerable employees. As announced by the Minister of Manpower on 5 March 2018, the Singapore Government plans to remove the salary threshold for coverage of core employment provisions in the Employment Act to cover all employees, including all persons employed in a managerial or executive position, except public servants, domestic workers, seafarers and those who are covered separately. In addition, the salary threshold for employees (excluding workmen) under the Employment Act is to be increased from S$2,500 to S$2,600. On 2 October 2018, the Singapore Parliament introduced the Employment (Amendment) Bill, which sets out the proposed amendments to the Employment Act.

Employment of foreign manpower

The employment of foreign employees in Singapore is governed by the EFMA and is regulated by MOM. The EFMA prescribes the responsibilities and obligations of employers of foreign employees in Singapore.

The EFMA provides that no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes this provision of the EFMA shall be guilty of an offence and shall:

(a) be liable on conviction to a fine 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

(b) on a second or subsequent conviction:

  (i) in the case of an individual, 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

  (ii) in any other case, be punished with a fine of not less than S$20,000 and not more than S$60,000.

The availability of the foreign workers for the construction sector is also regulated by the MOM through the following policy instruments:

(a) approved source countries;

(b) the imposition of security bonds and levies;

(c) dependency ceilings based on the ratio of local to foreign workers; and

(d) quotas based on the MYE requirements in respect of workers from NTS countries and the PRC.

Approved source countries

The approved source countries for construction workers are Malaysia, the PRC, NTS countries and NAS countries. The NTS countries include India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. The NAS countries are Hong Kong, Macau, South Korea and Taiwan.

Construction companies must have prior approval ("**PA**") from the MOM in order to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to employ from NTS countries and the PRC. It also determines the number of workers whose work permits can be renewed, or whose employment can be transferred from another company in Singapore. PAs are granted based on, among others, the duration of the work permits applied for, the number of full-time local workers employed by the company over the past three months as reflected in the company's Central Provident Fund contribution statements and the number of MYEs allocated from the company's main contractor.

Security bonds and levies

The employment of foreign workers in Singapore is also subject to the payment of levies. As at the Latest Practicable Date, the levy rates payable for workers in the construction sector are set out in the table below:

Tier	**Monthly** *(S$)*	**Daily**[(1)] *(S$)*
Malaysians and NAS — Higher-Skilled[(2)]	300	9.87
Malaysians and NAS — Basic-Skilled[(3)]	700	23.02
NTS and PRC — Higher-Skilled, on MYE	300	9.87
NTS and PRC — Basic-Skilled, on MYE	700	23.02
NTS and PRC — Higher-Skilled, MYE waiver[(4)]	600	19.73
NTS and PRC — Basic-Skilled, MYE waiver[(4)]	950	31.24

Notes:

(1) The daily levy rate only applies to work permit holders who did not work for a full calendar month. The daily levy rate is calculated as follows: (Monthly levy rate X 12)/365 = rounding up to the nearest cent.

(2) Employers can upgrade their construction workers from "Basic-Skilled" to "Higher-Skilled" by fulfilling criteria in relation to, among others, the worker's minimum years of experience, the obtaining of relevant skills or certifications and a minimum fixed monthly salary.

(3) All foreign workers in the building and construction sector are required to attain "**Basic-Skilled**" status to work in Singapore. Workers from Malaysia are required to have any one of the Skills Evaluation Certificate ("**SEC**"), Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") or the Sijil Pelajaran Malaysia ("**SPM**"). Non-Malaysian workers are required to have an SEC or SEC(K).

(4) MOM allows employers in the building and construction industry to renew the work permits of experienced foreign workers without the need for MYE. To qualify for MYE waiver, a foreign worker must have at least three years of working experience in the building and construction sector in Singapore.

In addition, an employer is required to place a security bond of S$5,000 with the Singapore Government prior to the employment of each non-Malaysian work permit holder. The bond is discharged when the employer has (a) cancelled the work permit for the foreign worker; (b) such foreign worker has returned home; and (c) the employer has not breached any of the conditions of the security bond.

Dependency ceilings

As at the Latest Practicable Date, under the building and construction sector quota, an employer can employ seven work permit holders for every full-time local employee. For the purposes of determining the foreign employee entitlement of a company only, MOM regards (a) Singaporeans and Permanent Residents ("**PRs**") who earn at least S$1,100 per month as full-time employees; (b) Singaporeans and PRs who earn S$550 to below S$1,100 per month as part-time employees; and (c) two part-time employees count as one full-time employee. MOM uses the company's CPF account to determine the company's full-time employees. From 1 July 2018 onwards, the salary threshold to be considered a local full-time employee will be increased to S$1,200 whilst that for a part time employee

will be adjusted to between at least S$600 and below S$1,200 per month. For these purposes, two part-time employees count as one full-time employee, and employees who received CPF contributions from three or more employers are not counted.

From 1 January 2018, at least 10% of an employer's construction work permit holders must be Higher-Skilled before such employer can hire any new Basic-Skilled construction workers or renew the work permits of existing Basic-Skilled construction workers. As at the Latest Practicable Date, the proportion of Higher-Skilled workers to the total number of work permit holders of our Group is approximately 23.8%. Our Directors are of the view that the requirement for at least 10% of an employer's construction work permit holders to be Higher-Skilled has no impact on our Group based on (i) the proportion of Higher-Skilled workers to the total number of work permit holders of our Group being approximately 23.8% as at the Latest Practicable Date; and (ii) our Group having and ensuring that there will be sufficient number of Higher-Skilled workers.

Man-Year Entitlement

The MYE is a work permit allocation system for workers from NTS countries and the PRC. The MYE reflects the total number of work permit holders a main contractor is entitled to employ based on the value of projects or contracts awarded by developers or owners. It is allocated in the form of the number of "man-years" required to complete a project. One man-year is equivalent to one year's employment under a work permit.

A main contractor is defined as a company that contracts a project directly from the developer or owner. Only main contractors can apply for MYE and all subcontractors must get their MYE allocation from the main contractor. Main contractors cannot allocate their MYE to other contractors not involved in the same project or sell their MYE to any contractors. A main contractor is allowed to combine projects to meet the minimum contract value requirement, provided each of the combined projects has a remaining value of less than S$500,000 and a balance period of at least one month.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act, the Immigration Act (Chapter 133) of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore by an employer (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S-passes or work permits. CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

Personal Data Protection

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 given circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual 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, in respect of the collecting, using or disclosing of personal data of individuals ("**relevant persons**"), including (i) obligations of obtaining consent, giving notification and access and correction rights to the relevant persons; (ii) purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected; (iii) ensuring accuracy and protection of data collected and openness in making information available on its privacy policies; and (iv) practices relating to protection of personal data.

Company laws

Hon Industries, our principal operating subsidiary, is a private company limited by shares, incorporated and governed under the Companies Act.

The Companies Act generally governs, amongst others, matters relating to the status, powers and capacity of a company, shares and share capital of a company, including issuances of new shares (including preference shares), treasury shares, a company's ability to acquire its own shares, 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), members' remedies in case of oppression or injustice, 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 constitution of the company. The constitution of a company comprises, amongst others, the objects of the company and 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).

SINGAPORE TAXATION

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with effect from the 2010 year of assessment. In addition, from the 2010 year of assessment to the 2019 year of assessment, 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 will be granted a corporate income tax rebate of 50% and 50% of the

tax payable for the 2016 and 2017 years of assessment, subject to a cap of S$20,000 and S$25,000 for the 2016 and 2017 years of assessment, respectively. The corporate income tax rebate will be extended to the 2018 year of assessment at a rate of 40% of tax payable, subject to a cap of S$15,000.

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.

Withholding taxes

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

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%.

Productivity and Innovation Credit ("PIC") Scheme

The PIC scheme allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances and/or (ii) cash payouts, 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 *inter alia* having to invest in relevant qualifying expenditure and meeting the minimum 3 local employees requirement as well as investing the minimum qualifying expenditure per year of assessment over the course of 3 years from the 2016 to 2018 years of assessment. 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 takes effect from the 2015 year of assessment. As announced in the 2016 Singapore budget announcement, the cash payout rate will be at 40% for qualifying expenditure incurred on or after 1 August 2016 and on or before the last day of the basis of the 2018 year of assessment, being 31 December 2017. Expenditure incurred after the 2018 year of assessment will not be eligible for any payouts under the PIC scheme.

Special Employment Credit ("SEC") Scheme

The SEC scheme was introduced by MOM in 2011 as a Singapore Government budget initiative to support employers and to raise the employability of older Singaporeans. From 1 July 2017, the re-employment age has been raised from 65 to 67, and this threshold will apply to those who turn 65 on or after 1 July 2017 i.e. those born on or after 1 July 1952. As announced in the 2017 Singapore budget announcement, the SEC scheme has been extended for three years commencing 2017 until 2019 to

provide an additional wage offset of 3% to employers hiring Singaporean workers who are aged 55 and above and earning up to S$4,000, in a move to encourage employers to voluntarily re-employ the two groups of employees who are not covered by the new re-employment age.

Mechanisation Credit ("MechC") Scheme

The MechC scheme provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects. The eligibility criteria for the MechC scheme includes (i) must be a Singapore-registered business enterprise; (ii) equipment must be used in a local construction project and can achieve at least 20% ("**Standard MechC Scheme**") or 30% ("**Enhanced MechC Scheme**") in manpower savings (measured by way of number of workers and over a period of 4 weeks) or in site productivity (measured by way of decrease in man-days used per square metre or equivalent and over a period of four weeks) of the applicant, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must be recorded and submitted to the BCA upon request; (iii) purchase or leasing of equipment must not have been made before the time of application; (iv) purchase of used equipment will not be supported; (v) the support for leasing shall be applicable to equipment with a lease period of at least 1 month and not more than 12 months, within the qualifying period. No support shall be provided for short term rental of equipment; and (vi) no purchase or leasing of equipment from related companies is allowed. The additional criteria to be fulfilled for the Enhanced MechC Scheme (where only one criteria from any two sections needs to be met) is as follows:

(a) Financial standing:

  (i) paid up capital is more than the grant amount; or

  (ii) revenue is more than the grant amount; or

  (iii) annual profit before tax for the three years preceding grant application.

(b) Human resources:

  (i) minimum of 20% R1 workers per firm (where "**R1**" refers to Higher Skilled foreign workers).

(c) Certification and awards:

  (i) ISO 9001:2008 or ISO 14000 or OSSAS 18000/SS506 Part 1; or

  (ii) Construction Productivity Awards from the BCA (to recognise achievements in improvements of productivity); or

  (iii) safety management certifications.

The MechC funding table with the Standard MechC Scheme and Enhanced MechC Scheme are as follows:

	Standard MechC Scheme	**Enhanced MechC Scheme[(1)]**
For purchase of equipment	Equipment cost ≤ S$100,000, grant up to 50% or capped at S$20,000	Equipment cost ≤ S$125,000, grant up to 70% or capped at S$25,000
	Equipment cost > S$100,000, grant up to 20% or capped at S$100,000	Equipment cost > S$125,000, grant up to 20% or capped at S$100,000
For leasing of equipment	Equipment cost ≤ S$30,000, grant up to 50% or capped at S$6,000	Equipment cost ≤ S$30,000, grant up to 70% or capped at S$6,000
	Equipment cost > S$30,000, grant up to 20% or capped at S$30,000	Equipment cost > S$30,000, grant up to 20% or capped at S$30,000

Note:

(1) To qualify for the Enhanced MechC Scheme, firms will have to achieve at least 30% productivity improvement and show evidence that they are also building capability through areas such as financial standing, human resource development, and certifications and awards.

An application will be made to the BCA prior to the purchase or leasing of equipment stating information such as (i) quotation of the equipment and technical brochures from suppliers; and (ii) information on financial standing and certifications and awards as detailed above (for Enhanced MechC Scheme). Upon approval from the BCA, the equipment shall be purchased or leased within one year from the date of application ("**Qualifying Period**"). Thereafter, a claim shall be submitted to the BCA with copies of (i) certificate of origin of the equipment (stating the year of manufacture, engine number and serial number); (ii) the receipt, invoice or such other document amounting to proof of payment of the purchase price; (iii) the written agreement of which the applicant is a party and pursuant to which the construction project in which the equipment will be used; (iv) a photograph of the equipment on site; (v) a photograph clearly showing the serial number of the equipment; and (vi) documents showing to BCA's satisfaction that the use of the equipment in the construction project has resulted in manpower savings or improvement in productivity.

During the Qualifying Period and holding period, the applicant shall not (i) lease or lend to another party the equipment; (ii) sell the equipment; (iii) allow the equipment to lose its intended function or be damaged beyond repair; (iv) scrap or dispose of the equipment; or (v) allow or be a party in bringing the equipment out of Singapore.

For the two financial years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, we received government grants under the MechC scheme of approximately S$100,000, S$35,000, and nil, respectively. Save for the eligibility criteria, application and claim process, as well as the holding period requirement as explained above, there are no other material obligations and/or conditions to be assumed or fulfilled by our Group before and after we received the grant under the MechC scheme.

OUR BUSINESS DEVELOPMENT

Introduction

We have more than 15 years of experience as a main contractor in building and infrastructure projects for various types of buildings, including institutions, industrial, commercial and residential buildings in the public and private sectors in Singapore. Our history can be traced to 2002 when our executive Director and one of our Controlling Shareholders, Mr. Ho, incorporated Hon Construction (2002) Pte. Ltd. in Singapore and he was joined by Mr. Lim, our executive Director and one of our Controlling Shareholders in 2003.

In 2003, we secured our first contract as a main contractor for an institution in Singapore which allowed us to gain experience into the specifications and requirements for undertaking works for public educational institutions in Singapore. In 2004, Hon Construction (2002) Pte. Ltd. changed its name to Hon Industries Pte. Ltd..

As we gathered experience in providing building and construction works to different sectors and industries, the grading for our CW01 workhead issued by BCA was eventually upgraded to A2 which allows us to tender for building construction works in the public sector in Singapore of up to S$85.0 million contract value. For more details on our main licences and registrations, please refer to the section headed ''Regulatory Overview'' in this prospectus. As at the Latest Practicable Date, Hon Industries is accredited with certifications including ISO 9001:2015, OHSAS 18001:2007, ISO 14001:2015, Green and Gracious Builder Award (Merit) and bizSAFE STAR.

Our Group has continued to increase our competency and capabilities as a main contractor by undertaking larger contracts both, in terms of value and size. Our solid track record of providing a comprehensive scope of building and infrastructure works in Singapore places us at a considerable advantage when tendering for projects in the public sector or when being invited to tender for projects in the private sector.

Today, Hon Industries is our principal operating subsidiary and it is primarily engaged as a main contractor in building and infrastructure projects, and interior decoration projects in the public and private sectors in Singapore, and in term contracts in the public sector in Singapore.

Key business milestones

The key milestones in the development of our Group are highlighted chronologically below:

2003	We secured our first institution project with an initial contract value of approximately S$3.5 million
2004	Our BCA grading was upgraded to B2
2008	Our BCA grading was upgraded to B1
2008	We secured our first hotel project with an initial contract value of approximately S$6.9 million

2010	We secured our first sizeable international school project with an initial contract value of approximately S$22.0 million
2011	We secured our first industrial project with an initial contract value of approximately S$8.3 million
2012	We secured our first condominium project with an initial contract value of approximately S$8.6 million
2014	We secured our first healthcare project with an initial contract value of approximately S$7.8 million
2015	• We secured another sizeable international school project with an initial contract value of approximately S$62.1 million • Our BCA grading was upgraded to A2
2016	• We secured a sizeable project for the redevelopment of a public park with an initial contract value of approximately S$59.6 million • We secured our first term contract with an initial contract value of approximately S$21.1 million
2017	We secured our first public residential improvement project with an initial contract value of approximately S$21.9 million

CORPORATE HISTORY

Upon completion of the Reorganisation, our Group comprised our Company, Energy Turbo and Hon Industries. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

Our Company

For the purposes of the Listing, our Company was incorporated on 8 February 2018 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial Share ("**Subscriber Share**") was allotted and issued to the initial subscriber. On the same day, the Subscriber Share was transferred to Bizstar Global at nil consideration. As a result, our Company became a wholly-owned subsidiary of Bizstar Global.

On 4 October 2018, the authorised share capital of our Company increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank pari passu in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the paragraph headed "Further information about our Company and its subsidiaries — 2. Changes in authorised and issued share capital of our Company" in Appendix V to this prospectus.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 9 April 2018. As a result of the Reorganisation, our Company has become the ultimate holding company of our Group. For further details of such transfers, please refer to the paragraph headed "Reorganisation" in this section below.

Energy Turbo

On 31 October 2017, Energy Turbo was incorporated in BVI as a BVI business company with limited liability. Energy Turbo is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 par value each. On 9 February 2018, Energy Turbo allotted and issued one share to our Company for cash at par. As a result, Energy Turbo became a wholly-owned subsidiary of our Company.

Hon Industries

On 11 November 2002, our founder, Controlling Shareholder and executive Director, Mr. Ho, together with his then business partners and Independent Third Parties, Mr. Koh Tong Ser ("**Mr. Koh**") and Ms. Sng Meow Kee ("**Ms. Sng**"), incorporated Hon Industries as a private company limited by shares in Singapore and all three were appointed as directors on the same date. The share capital as at the date of incorporation was S$100.00, with 52 shares allotted to Mr. Koh, 30 shares allotted to Ms. Sng, and 18 shares allotted to Mr. Ho at a consideration of S$52.00, S$30.00 and S$18.00, respectively.

From 2003 to 2015, the paid-up share capital of Hon Industries increased from S$100.00 comprising 100 shares of S$1.00 each to S$6,500,000 comprising 6,500,000 shares of S$1.00 each.

As a result of several allotments and transfers of shares that occurred between 2003 and 2015, Hon Industries became jointly-owned by our executive Directors and Controlling Shareholders, Mr. Ho and Mr. Lim as to 70% and 30%, respectively. The share capital of Hon Industries has remained unchanged after the foregoing and pursuant to the Reorganisation, Hon Industries became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" below in this section.

Hon Industries is our Group's principal operating subsidiary and it is primarily engaged as a main contractor in building and infrastructure projects and interior decoration projects in the public and private sectors in Singapore, and in term contracts in the public sector in Singapore.

REORGANISATION

In preparation for the Listing, our Group has undergone the Reorganisation and the steps are as follows:

1. On 8 February 2018, our Company was incorporated in the Cayman Islands with limited liability and an authorised share capital of HK$380,000 divided into 38,000,000 shares each with a par value of HK$0.01. On the same date, one nil-paid initial Share was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited, and was subsequently transferred to Bizstar Global on 8 February 2018.

2. On 31 October 2017, Energy Turbo was incorporated in BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00, of which one share in Energy Turbo was allotted and issued to our Company for cash at par on 9 February 2018.

3. On 1 October 2018, Mr. Ho, Mr. Lim, Energy Turbo and our Company entered into a sale and purchase agreement pursuant to which Mr. Ho and Mr. Lim transferred their entire shareholding interests in Hon Industries to Energy Turbo (being the nominee of our Company), in consideration of our Company allotting and issuing an aggregate of 99 Shares to Bizstar Global, as the nominee of Mr. Ho and Mr. Lim, credited as fully paid and crediting as fully paid the initial nil-paid Share held by Bizstar Global.

Disposal by our Group

Disposal of Advanced Engineering

On 31 December 2017, Hon Industries and Mr. Tan Gim Chwee ("**Mr. Tan**") (being a 42.1% shareholder in Advanced Engineering), an Independent Third Party, entered into a sale and purchase agreement, pursuant to which Hon Industries transferred its 57.9% shareholding interests in the issued share capital of Advanced Engineering to Mr. Tan at a consideration of S$5,000, which was determined with reference to Advanced Engineering's net asset value as at 15 December 2017. The said transfer had been properly and legally completed and settled as at the Latest Practicable Date.

Advanced Engineering is a manufacturing and repairing service company that serves the oil and gas industry. Our Controlling Shareholders initially invested in Advanced Engineering, through Hon Industries, in 2012 with the intention of creating synergy and diversifying our Group's business profile. In December 2017, Advanced Engineering was disposed of by Hon Industries as our Controlling Shareholders intended to focus on acting as a main contractor in building and infrastructure projects. During the Track Record Period, the profit contributed by Advanced Engineering amounted to approximately S$43,000 for the financial year ended 31 December 2016 and the loss attributed to Advanced Engineering amounted to approximately S$595,000 for the financial year ended 31 December 2017.

Disposal of GK Development

On 20 February 2018, Hon Industries and Mr. Wong Ka Hui Roy (Huang Jiahui Roy) ("**Mr. Roy Wong**"), an Independent Third Party, entered into a sale and purchase agreement, pursuant to which Hon Industries transferred its entire shareholding interests in the issued share capital of GK Development to Mr. Roy Wong at a consideration of S$123,927.76, which was determined with reference to GK Development's net asset value as at 31 December 2017. The said transfer was effected on 17 May 2018, and had been properly and legally completed and settled as at the Latest Practicable Date.

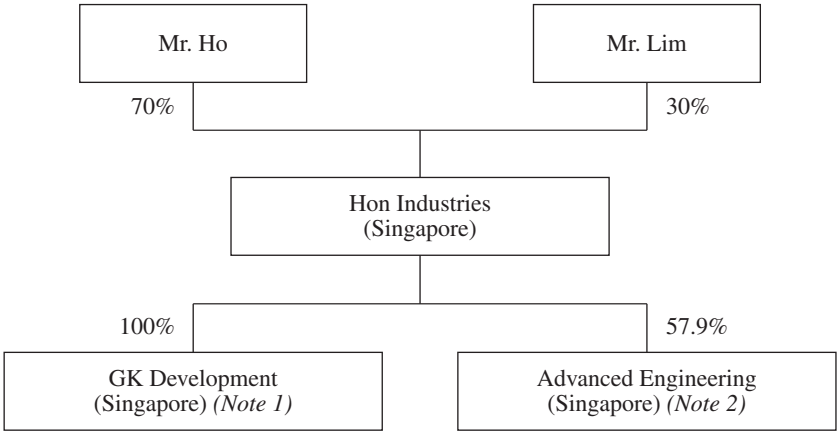
GK Development was set up by our Controlling Shareholders (held through Hon Industries) in January 2010 for a real estate project in Singapore. GK Development was disposed of by Hon Industries as GK Development remained inactive since the completion of the real estate project in Singapore in 2012. During the Track Record Period, GK Development did not contribute any material revenue, profit or loss to our Group.

Consent and approval of the Reorganisation

Our Directors confirm that, save for the written consent from our principal bank in connection with the change of ownership of our Group pursuant to the Reorganisation and the Share Offer under the terms of the material facility agreement entered into between our Group and our principal bank, which consent was granted on 15 March 2018, the change of shareholdings in Hon Industries under the Reorganisation would not require any other approval or permit from any third parties or relevant government authorities in the Cayman Islands or Singapore.

Immediately before the Reorganisation

The following chart sets out our corporate structure immediately prior to the implementation of the Reorganisation:

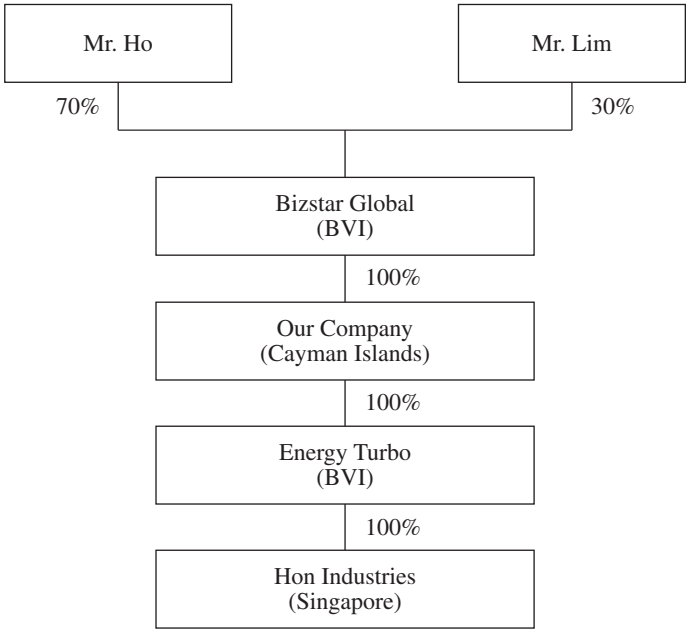


Notes:

(1) GK Development was disposed of to an Independent Third Party on 17 May 2018.

(2) The remaining shareholding interest of 42.1% was held by Mr. Tan. The shareholding interest of 57.9% held by Hon Industries was disposed to Mr. Tan on 31 December 2017.

Immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and without taking into account the Shares which may be issued upon the exercise of options to be granted under the Share Option Scheme)

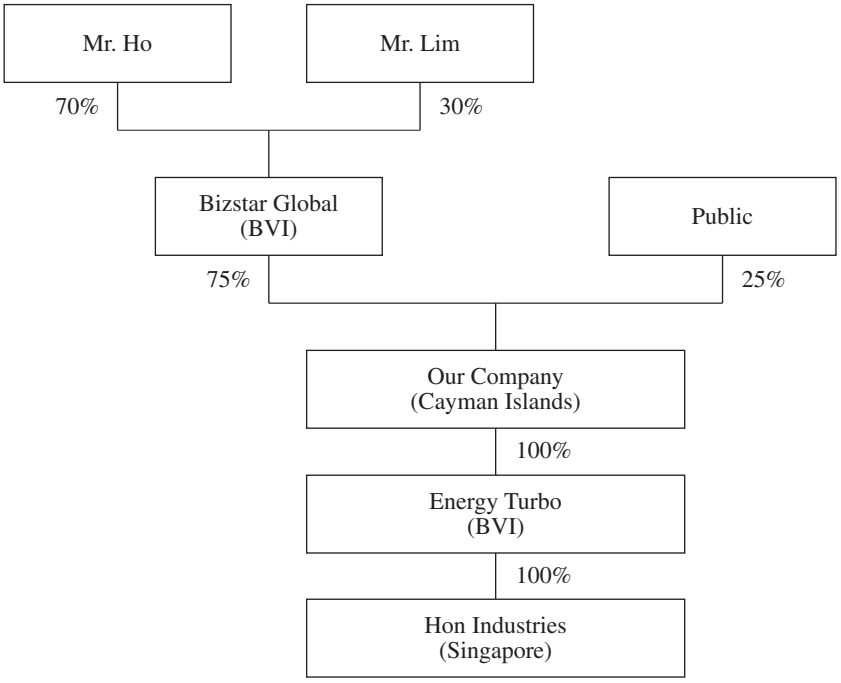


Capitalisation Issue and Share Offer

Conditional upon the creation of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK$3,599,999 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 359,999,900 Shares for the allotment and issue to the then existing Shareholders.

Immediately following completion of the Share Offer and the Capitalisation Issue

The following chart sets out our shareholding structure immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account of the Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme):



OVERVIEW

Our Group primarily acts as a main contractor in building and infrastructure projects and interior decoration projects in the public and private sectors in Singapore and we also act as a main contractor in term contracts in the public sector in Singapore for the provision of maintenance services, repairs and renovations, amongst others. We have more than 15 years of experience in building and infrastructure projects involving various types of buildings, including institutions, industrial, commercial and residential buildings in both public and private sectors.

During the Track Record Period, we were engaged in (i) 11, six, and four building and infrastructure projects, which contributed to approximately 79.9%, 84.4%, and 70.8%; (ii) five, six, and two interior decoration projects, which contributed to approximately 20.1%, 9.0%, and 7.3%; and (iii) nil, three, and four term contracts, which contributed to approximately nil, 6.6%, and 21.9%, of our total revenue for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

The following table sets forth a breakdown of our revenue and the number of projects/contracts performed during the Track Record Period:

	For the financial year ended 31 December						For the four months ended 30 April					
	2016			2017			2017			2018		
	Number of projects/ contracts	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*
Building and infrastructure projects												
— Public sector	3	13.2	24.1	4	46.8	46.4	3	12.6	36.4	3	14.3	37.1
— Private sector	8	30.7	55.8	2	38.4	38.0	1	16.9	49.1	1	13.0	33.7
Subtotal	11	43.9	79.9	6	85.1	84.4	4	29.5	85.5	4	27.3	70.8
Interior decoration projects												
— Public sector	1	4.1	7.5	1	3.1	3.0	—	—	—	1	1.4	3.7
— Private sector	4	6.9	12.6	5	6.0	6.0	3	3.2	9.2	1	1.4	3.6
Subtotal	5	11.1	20.1	6	9.1	9.0	3	3.2	9.2	2	2.8	7.3
Term contracts[1]												
— Public sector	—	—	—	3	6.6	6.6	2	1.8	5.3	4	8.4	21.9
TOTAL	16	54.9	100.0	15	100.8	100.0	9	34.5	100.0	10	38.5	100.0

Note:

(1) We secured our first term contract in 2016 which started to generate revenue during the four months ended 30 April 2017.

As at the Latest Practicable Date, we have six ongoing building and infrastructure projects, two ongoing interior decoration projects (for one of which the project works have been substantially completed but the certificate of substantial completion has yet to be issued) and six ongoing term contracts, with the remaining contract sums of approximately S$40.1 million, S$5.2 million, and S$73.5

million, respectively. For more information on our ongoing projects, please refer to the paragraph headed "Our business model — Our projects — Ongoing projects as at the Latest Practicable Date" below in this section.

Under the purview of our executive Directors and experienced senior management team, we successfully secured high value contracts to act as the main contractor for building and infrastructure projects during the Track Record Period that included an institution project with an initial contract value of approximately S$62.1 million for a project duration of approximately two years; a public park project with an initial contract value of approximately S$59.6 million for a project duration of approximately two years; and a public housing improvement project with an initial contract value of approximately S$21.9 million for a project duration of approximately two years.

OUR BUSINESS MODEL

Our principal business activities

Building and infrastructure

Our responsibilities as a main contractor in building and infrastructure projects typically include (a) project management, which comprises site coordination and supply chain management, and (b) general construction works. Our engagement in building and infrastructure projects are typically for a duration of between one and three years.

(a) Project management

As a project manager, we assist in coordinating with our customers or consultants, subcontractors and suppliers to ensure timely delivery of goods and the production of construction works.

(b) General construction works

As the main contractor in building and infrastructure projects, we are generally responsible for the full scope of works requested by our customer, which consists of (i) overall building construction including A&A works; (ii) supply or procurement of the supply of materials and where necessary, engagement of subcontractors; (iii) ensuring that the works are performed in accordance with the contract specification and customers' requirements; and (iv) liaising with various professional parties to ensure the project is on schedule.

The scope of works for building and infrastructure projects varies depending on the customers' requirements, and in that respect, we may be engaged to conduct A&A works, excavation works, piling, substructures and superstructures works, architectural works, M&E works, and/or landscaping. A&A works may comprise (i) interior decoration works and/or (ii) works affecting building systems or components such as structural work, additions of lifts and reinforcement work.

Approximately S$43.9 million, S$85.1 million and S$27.3 million, representing approximately 79.9%, 84.4%, and 70.8% of our total revenue was derived from building and infrastructure projects for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

Interior decoration projects

As a main contractor, we may be engaged to undertake interior decoration projects, which typically includes work involving the decorative element of the interior of an institution, apartment, office or other structural space. The duration of our interior decoration projects varies depending on the scale and complexity of the project. Approximately S$11.1 million, S$9.1 million, and S$2.8 million, representing approximately 20.1%, 9.0%, and 7.3% of our total revenue was derived from interior decoration projects for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

Term contracts

Our term contracts are typically for a duration of between two and three years (some contracts have options to extend our engagement for an additional duration of between one and three years) during which we provide a range of works and services, including repairs and renovations, A&A works, interior decoration and the installation of M&E systems. Approximately nil, S$6.6 million and S$8.4 million, representing approximately nil, 6.6% and 21.9% of our total revenue was derived from term contracts for the financial year ended 31 December 2017 and the four months ended 30 April 2018, respectively. We secured our first term contract in 2016, and during the Track Record Period and up to the Latest Practicable Date, we were engaged in six term contracts, all of which are in the public sector.

Our projects

During the Track Record Period, our public sector projects mainly involved works commissioned by various Singapore statutory boards, whereas our private sector projects mainly comprised projects commissioned by private companies, including housing developers, healthcare providers, institutions of learning, commercial building owners and industrial building owners in Singapore. All our main contractor projects in both the public and private sectors in Singapore were secured through a competitive tendering process, either via open tender for public sector projects or via invited tenders for private sector projects.

The average contract value of our Group's three main business segments in the public sector during the Track Record Period, namely (i) building and infrastructure projects, (ii) interior decoration projects, and (iii) term contracts, is approximately S$26.3 million, S$10.1 million and S$19.0 million respectively, which is derived from a range of approximately S$6.8 million to S$70.0 million, S$4.0 million to S$16.2 million and S$2.0 million to S$44.4 million, respectively.

The average contract value of our Group's two main business segments in the private sector during the Track Record Period, namely (i) building and infrastructure projects, and (ii) interior decoration projects, is approximately S$10.6 million and S$2.4 million respectively, which is derived from a range of approximately S$2,550 to S$83.5 million and S$29,000 to S$10.4 million, respectively.

Further details on the number of public and private sector projects undertaken during the Track Record Period can be found in the section headed "Business — Overview" in this prospectus. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, we were engaged in 11, six, and four building and infrastructure projects, five, six, and two interior decoration projects, and nil, three and four term contracts, respectively.

During the Track Record Period, our contract sizes for projects in both the public and private sector ranged from approximately S$2,550 to S$83.5 million. As at the Latest Practicable Date, we have six ongoing building and infrastructure projects, two interior decoration projects (for one of which the project works have been substantially completed but the certificate of substantial completion has yet to be issued), and six term contracts with an aggregate contract sum of approximately S$296.3 million, of which approximately S$141.1 million has been recognised as revenue during the Track Record Period. Approximately S$108.9 million and S$70.0 million is expected to be recognised as our revenue for the above ongoing projects for the two financial years ending 31 December 2019.

Completed projects during the Track Record Period and up to the Latest Practicable Date with contract value above S$5.0 million

Completed projects refer to those for which the certificate of substantial completion was obtained within the Track Record Period and up to the Latest Practicable Date. The following table sets out the details of the projects completed by us with contract value above S$5.0 million during the Track Record Period and up to the Latest Practicable Date:

S/No.	Sector	Project name	Scope of works	Completion Date[1]	Duration *(months)*	Contract value[2] *(S$'million)*	Revenue recognised for the financial year ended 31 December 2016 *(S$'million)*	2017 *(S$'million)*	Revenue recognised for the four months ended 30 April 2018 *(S$'million)*	Revenue recognised as at the Latest Practicable Date *(S$'million)*
1.	Public	Project Amenity Centre	Interior decoration — erection of recreation centre	April 2016	12	16.2[3]	4.1	—	—	—
2.	Public	Project Recreation Centre	Building and infrastructure — erection of recreation centre	December 2017	15	20.7	2.5	18.2	—	—
3.	Public	Project Offshore	Building and infrastructure — construction of two single storey buildings	September 2016	15	12.2[4]	6.7	—	—	—
4.	Private	Project Industrial	Building and infrastructure and interior decoration — erection of five-storey industrial development with basement	February 2016	24	32.2[5]	6.6	—	—	—
5.	Private	Project Healthcare	Interior decoration — A&A works to existing building	April 2018	25	10.4	5.1	4.0	1.3	—

Notes:

(1) The date of the certificate of substantial completion.

(2) The contract value includes additional works or variation orders obtained as at 30 April 2018 (where applicable).

(3) Revenue of approximately S$12.0 million for this project was recognised before the Track Record Period.

(4) Revenue of approximately S$5.5 million for this project was recognised before the Track Record Period.

(5) Revenue of approximately S$25.6 million for this project was recognised before the Track Record Period.

Ongoing projects as at the Latest Practicable Date

The following table sets forth our ongoing projects as at the Latest Practicable Date:

S/No.	Sector	Project name	Scope of works	Award Date	Duration[1] *(months)*	Percentage of completion as at the Latest Practicable Date *(%)*	Contract value[2] *(S$'million)*	Revenue recognised for the financial year ended 31 December 2016 *(S$'million)*	2017 *(S$'million)*	Revenue recognised for the four months ended 30 April 2018 *(S$'million)*	Revenue recognised for period commencing 1 May 2018 up to the Latest Practicable Date *(S$'million)*	Revenue to be recognised for the period commencing on the Latest Practicable Date up to 31 December 2018 *(S$'million)*	Total revenue to be recognised for the financial year ending 31 December 2019 *(S$'million)*	2020 *(S$'million)*
1.	Private[3]	Project International School	Building and infrastructure works — proposed erection of new international school building	September 2015	40	100.0	83.6[4]	23.3	38.2	13.0	4.4	—	—	—
2.	Public	Project Park	Building and infrastructure — proposed development of public park	July 2016	26	85.8	70.0	4.1	28.0	12.1	15.9	9.9	—	—
3.	Public	Project Residential	Building and infrastructure — proposed construction and modification of electrical substations and common switch rooms	December 2015	38	38.5	6.8	—	0.2	1.2	1.2	3.3	0.9	—
4.	Public	Project Housing	Building and infrastructure — proposed upgrading and contingency works for residential project	January 2017	34	22.5	21.9	—	0.3	1.0	3.6	6.2	10.8	—
5.	Public	Project Education	Term contract — renovations and A&A works to facilities	August 2016	36	17.2	21.1	—	3.5	—	0.2	6.0	11.4	—
6.	Public	Project Government Centre	Term contract — A&A works and maintenance works	November 2016	36	17.2	44.4	—	2.7	3.6	1.4	5.1	31.6	—
7.	Public	Project Committee Centre	Term contract — upgrading and extension works to committee centres	December 2016	24	66.4	2.0	—	0.4	0.5	0.5	0.6	—	—
8.	Public	Project Park Connector	Term contract — upgrading works in park connectors	September 2017	36	73.9	8.7[5]	—	—	4.5	1.9	—	2.0	0.3
9.	Public[3]	Project Library	Interior decoration — proposed fitting out works to a public library	August 2017	7	100.0	4.5	—	3.1	1.4	—	—	—	—

S/No.	Sector	Project name	Scope of works	Award Date	Duration[1] (months)	Percentage of completion as at the Latest Practicable Date (%)	Contract value[2] (S$'million)	Revenue recognised for the financial year ended 31 December 2016 (S$'million)	2017 (S$'million)	Revenue recognised for the four months ended 30 April 2018 (S$'million)	Revenue recognised for period commencing 1 May 2018 up to the Latest Practicable Date (S$'million)	Revenue to be recognised for the period commencing on the Latest Practicable Date up to 31 December 2018 (S$'million)	Total revenue to be recognised for the financial year ending 31 December 2019 (S$'million)	2020 (S$'million)
10.	Private	Project Clubhouse	Building and infrastructure — proposed A&A works	March 2018	8	15.0	4.4[6]	—	—	—	0.7	1.3	2.4	—
11.	Private	Project Workshop	Building and infrastructure — proposed development of existing building and addition of two-storey workshop	April 2018	14	20.3	6.6[6]	—	—	—	1.3	3.1	2.2	—
12.	Public	Project Community Club	Term contract — servicing and maintenance work at community club	May 2018	24	—	0.9[7]	—	—	—	—	0.2	0.4	0.3
13.	Public	Project Polytechnic	Interior decoration — proposed A&A works to existing block and convention centre	August 2018	6	10.6	5.9[6]	—	—	—	0.6	1.8	3.5	—
14.	Public	Project Upgrading	Term contract — upgrading works for parks, open spaces and park connectors	September 2018	36	—	15.5[8]	—	—	—	—	2.4	4.8	4.8
TOTAL							280.8	27.4	76.4	37.3	31.7	39.9	70.0	5.4

Notes:

(1) The duration is either that stated in the contract or estimated based on the project progress as at 30 April 2018.

(2) The contract value includes additional works or variation orders obtained as at the Latest Practicable Date (where applicable).

(3) As at the Latest Practicable Date, the project works for this project have been substantially completed but the certificate of substantial completion has not yet been issued.

(4) Revenue of approximately S$4.7 million for this project was recognised before the Track Record Period.

(5) There is no revenue recognised for the financial year ended 31 December 2017 as this project did not commence until the first quarter of 2018.

(6) There is no revenue recognised for the four months ended 30 April 2018 as this project has not yet commenced.

(7) There is no revenue recognised for the four months ended 30 April 2018 as this project has not yet commenced.

(8) There is no revenue recognised for the four months ended 30 April 2018 as this project has not yet commenced. Revenue of approximately S$3.5 million is expected to be recognised for this project for the financial year ending 31 December 2021.

The following table sets out the movement of the number of our projects during the Track Record Period and up to the Latest Practicable Date:

	For the financial year ended 31 December		For the four months ended 30 April	From 1 May 2018 and up to the Latest Practicable Date
	2016	2017	2018	
Projects brought forward from prior year(s)	4	5	10	11
Number of new projects during the year/period	12	10	2	3
Number of projects completed during the year/period	11	5	1	0
Projects carried forward to next year/ period	5	10	11	14

The following table sets out the movement of the contract values of our projects during the Track Record Period and up to the Latest Practicable Date:

	For the financial year ended 31 December		For the four months ended 30 April	From 1 May 2018 and up to the Latest Practicable Date
	2016	2017	2018	
	(S$'million)	*(S$'million)*	*(S$'million)*	*(S$'million)*
Outstanding contract value as at the beginning of the year/period	74.8	119.0	151.4	124.9
New contracts secured or varied by way of variation order during the year/ period	99.1	133.2	12.0	25.6
Revenue recognised during the year/ period	54.9	100.8	38.5	31.7
Outstanding contract value as at the end of the year/period	119.0	151.4	124.9	118.8*(Note)*

Note: As at the Latest Practicable Date, the outstanding contract value of our projects includes revenue to be recognised up to the financial year ending 31 December 2021.

COMPETITIVE STRENGTHS

Our established track record and experienced senior management team have enabled us to build a presence in the building and construction industry in Singapore over the past 15 years, under the leadership of our executive Directors. We believe that our competitive strengths as set out below have driven the growth in our business and financial performance.

We have a solid track record in undertaking a comprehensive scope of services and a wide variety of projects in building and infrastructure projects in Singapore

We possess the ability to provide a broad and comprehensive scope of services under our existing repertoire of licences and registrations such as our GB1 License as well as our complementary registrations including but not limited to our CW01 workhead for "General Building", our CW02 workhead for "Civil Engineering", and our ME15 workhead for "Integrated Building Services". We have approximately 15 years of experience as a main contractor for a wide variety of projects in both the public and private sectors, including the construction of institutions, industrial, commercial and residential buildings. Our ability to undertake such a variety of projects is due, on the one hand, to the support of long-serving staff which includes our project directors, project managers and in-house engineers and on the other, to our project management expertise, which is evidenced by our ability to undertake main contractor projects in both the public and private sectors for approximately 15 years, as a construction project comprises numerous sequential steps, project management skills are required to ensure that the required manpower, subcontractors, supplies, machinery, licences and permits are available or employed at the right time, and are of an acceptable standard, before proceeding to the next step in a project.

We have an operations department that is focused on value engineering

Our operations department is overseen by our executive Director and Chief Operating Officer, Mr. Lim, and comprises six project managers. Our operations department is well-equipped with computer-aided design equipment and detailing software which enable us to effectively plan, design, construct and manage the entire building and construction process more efficiently.

Our project managers engage in value engineering, which is an integral part of our project implementation process. In broad terms, value engineering involves reviewing a project from a technical perspective with the aim of reducing cost, shortening the construction schedule, improving quality and/or reducing building maintenance costs without compromising the quality of works provided. Please refer to the section headed "Glossary of Technical Terms" in this prospectus for the meaning of value engineering. From the commencement of our project, our project managers will evaluate the architectural drawings and, after applying value engineering, recommend the most efficient construction methodologies and systems to our customer, having regard to their time and cost constraints. Our experience with a variety of general construction projects means we are familiar with the common practical challenges faced by our customers, and through the application of value engineering, we are better able to service the needs of our customers by recommending the adoption of more efficient construction methodologies.

We have consistently provided reliable, timely and quality services to our customers

We believe that our continued success depends on our ability to meet our customers' requirements, particularly in respect of reliability, timeliness and quality. As far as our Directors are aware, most of our customers (including those in the public sector) have maintained a form of evaluation system to track their contractors' performance, financial capability, reputation and certifications. Key factors evaluated include the pricing and quality of works and services provided, amongst others. Our track record of numerous public sector projects means that we have been evaluated favourably in terms of being reliable, being able to meet stipulated timeframes and being able to deliver quality works, amongst others. During the Track Record Period, we completed five projects with a contract value of above S$5.0 million within the agreed timeframe.

To ensure the quality of our services, we have established a set of environmental, health and workplace safety ("**EHS**") policies and have committed to high safety standard and environmental impact control. For further details of our EHS policies, please refer to the section headed "Business — Environmental, health and workplace safety policy" in this prospectus. We have been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and bizSAFE STAR certifications for our building and construction services, a testament to the systems and procedures that we have in place to deliver high quality services and that conform to Singapore's EHS regulations.

We have an experienced and dedicated senior management team who have, along with each of our executive Directors, over ten years of experience in the building and construction industry in Singapore

Each of our executive Directors, comprising Mr. Ho, Ms. Ng and Mr. Lim, has, and most of our senior management team, namely Ms. Kwan and Mr. J Tan, have over ten years of experience in the building and construction industry and each of Mr. Ho, Ms. Ng, Mr. Lim, Ms. Kwan and Mr. J Tan have been actively involved in the management of our Group for more than ten years, which is a contributing factor to our stable and upward growth in the building and construction industry in Singapore. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for the detailed work experience of our Directors and senior management team. We also have distinct teams within the operations department that are staffed with experienced personnel who are responsible for project management, quality control as well as environmental, health and workplace safety. We believe that our strong project management expertise, coupled with an experienced senior management team possessing in-depth knowledge of the building and construction industry in Singapore and our qualified employees, have been and will continue to be valuable assets for the growth of our Group. Having a dedicated and experienced senior management team in place is important as it (i) places us in an informed position regarding our industry landscape and our competition; (ii) helps us design and manage our projects and master work schedule efficiently; and (iii) enables us to build on the positive experiences we have had with our customers, suppliers and subcontractors.

BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business, strengthen our market position in the building and construction industry in Singapore and create long-term shareholders' value. We intend to achieve this by implementing the following corporate strategies. Please refer to the section headed "Future Plans and Use of Proceeds — Implementation Plans" in this prospectus for the implementation plans of our business strategies and objectives.

Expand our business and strengthen our market position in the building and construction industry in Singapore

Our strong market position is evidenced by our track record of having over 15 years of experience in the building and construction industry in Singapore for a variety of building and infrastructure projects involving various institutions, industrial, commercial and residential buildings, and also by our ability to complete quality works in a timely and reliable manner, thanks to our experienced and dedicated senior management team. Our track record is important as customers in both the public and private sector would consider, amongst others, our track record including past performance, pricing, financial capability and certifications before inviting us to tender and/or when evaluating our tender submission. During the Track Record Period and up to the Latest Practicable Date, we secured several high contract value projects including Project International School and Project Park which are still ongoing, and completed five projects with a contract value of above S$5.0 million. Please refer to the section headed ''Business — Our business model'' in this prospectus for more information on our projects during the Track Record Period and up to the Latest Practicable Date.

Given our proven track record, we plan to increase our market share in the building and construction industry in Singapore by tendering for more and/or larger scale building and infrastructure projects. Our Directors believe that our Group is able to increase its market share in the building and construction industry in Singapore by pursuing higher value contracts without obtaining an A1 grading, as (i) the tenders for public sector projects that we have submitted during the Track Record Period did not exceed the S$85.0 million tender limit under the A2 grading, and (ii) the tender limit under the A2 grading is only applicable to tenders for public sector projects. Accordingly, we are not restricted by such tender limit for when tendering for private sector projects. With the implementation of our plans to expand our workforce and to purchase new machinery and equipment, we will be better placed to take on higher value public sector contracts that are close to or above S$85.0 million in contract sum and will also be able to take on more, as well as higher value, private sector projects, thereby increasing our market share in the building and construction industry in Singapore given the increasing construction demand in both public and private sectors and the corresponding growth of the total contract awarded value to approximately S$31,190.9 million in 2022 as indicated in the Frost & Sullivan Report set out on page 60 of this prospectus under the section headed ''Industry Overview''.

Notwithstanding that we may be able to increase our market share in the building and construction industry in Singapore without obtaining an A1 grading, in order to expand our business, we also intend to apply for and upgrade our current A2 grading to the A1 grading to enable us to tender for public sector projects of unlimited contract value. During the Track Record Period, we participated in more projects to sustain our growth, as we were unable to undertake public sector projects from Singapore Government agencies of more than S$85.0 million in value (being restricted by our A2 grading) and also limited by the availability of manpower, machinery and equipment, and working capital to undertake concurrent high value contracts. During the Track Record Period, our tender submissions were restricted by our capacity and resources that were already fully optimised, and as such we submitted fewer tenders and offered less competitive terms when submitting tenders, including by providing for higher profit margins in our tender proposals. A majority of our projects for the financial year ended 31 December 2016 were awarded in the second half of the financial year ended 31 December 2016 and we had committed our Group's resources to such projects then. Accordingly, we had adopted a more conservative tendering approach in the first half of the financial year ended 31 December 2017 by providing for a higher profit margin in our tender proposals for contracts above S$10.0 million in value.

As a result, (i) we had only been awarded three projects out of the 81 projects which we had tendered for, for the financial year ended 31 December 2017, as compared with us having been awarded with eight projects out of the 67 projects which we had tendered for, for the financial year ended 31 December 2016 and (ii) we did not manage to secure sizeable projects which we had tendered for, amounting to approximately S$400.6 million for the first half of the financial year ended 31 December 2017. Separately, according to Frost & Sullivan, in terms of construction contract awarded value, civil engineering works in the public sector accounted for approximately 30.3% in the building and construction industry in Singapore, with construction contract awarded value reaching approximately S$2,307.8 million in 2017. Based on the aforesaid, our Directors believe that there is still an adequate demand for our services especially in light of the expected transition from slow to moderate CAGR between 2012 to 2017 of approximately -4.4% and 2017 to 2022 of approximately 4.8% in the construction industry in Singapore as indicated in the Frost & Sullivan Report set out on page 60 of this prospectus under the section headed ''Industry Overview''.

Having regard to our limitations in resources as outlined in the tendering strategy above, our Directors consider that our expansion plan on making investments in our manpower and machinery and equipment would increase our capacity to tender for and undertake more higher value projects concurrently, thus capturing more market share in the building and construction industry in Singapore. Notwithstanding that we may be able to gain more market share in the building and construction industry in Singapore, our Directors consider that an upgrade of our CW01 workhead from A2 to A1 grading would allow us to corner an even greater market share as we would be able to undertake projects without restriction as to its contract value.

In order to upgrade our Group's current A2 grading for its CW01 workhead under the CRS to an A1 grading, our Group must meet certain requirements, including (a) Hon Industries having a minimum paid-up share capital and minimum net worth of S$15.0 million, (b) securing, over a three year period, projects with an aggregate contract value of at least S$150.0 million, of which a minimum of S$75.0 million worth of the projects are executed in Singapore, S$112.5 million worth of the projects are executed from main contracts, and S$37.5 million worth of the projects are from a single main contract, (c) employing at least 24 registrable professionals (''**RP**''), professionals (''**P**'') or technicians (''**T**'') with the requisite qualifications, with a minimum of eight RPs and one RP, P or T who have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or being a Certified Construction Productivity Personnel, (d) holding a GB1 Licence, and (e) obtaining the relevant ISO, OHSAS and Green and Gracious certifications. In respect of the above requirements:

(a) Hon Industries presently has a paid up share capital of S$6.5 million in accordance with the requirements under the A2 grading. In connection with our implementation plans for our use of proceeds as further described in the section headed ''Future Plans and Use of Proceeds — Use of proceeds'' in this prospectus, our Company will provide funds to Hon Industries by way of capital injection in phases in accordance with our implementation plans, which will consequently increase the paid-up share capital of Hon Industries to meet the minimum paid-up share capital requirement under the A1 grading (which is presently S$15.0 million).

(b) Hon Industries has secured contracts over a three year period with an aggregate value of approximately S$156.7 million with all of the contracts being executed by Hon Industries as a main contractor in Singapore.

(c) Hon Industries presently has employed five RPs, two Ts, and five Ps who fulfil the personnel requirements for the A2 grading for the CW01 workhead under the CRS. Under the A2 grading, the Company is required to employ at least 12 RPs, Ps or Ts with the requisite qualifications, with a minimum of four RPs and one RP, P or T who have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or being a Certified Construction Productivity Personnel. At least one third of the RP, P or T are required to have a minimum of 24 months of relevant experience in Singapore; out of the 24 months, at least 12 months of such relevant experience in Singapore must be within the last three years. All personnel are required to submit annual CET declarations to the CRS. Aside from the aforementioned personnel, Hon Industries has had, in its employ, two Ts, and ten Ps who are not registered under the A2 grading for the CW01 workhead but who meet the requisite CRS requirements and it may replace any of the aforementioned registered personnel in the event the need to do so arises. Accordingly, Hon Industries has more than sufficient technical personnel to meet the requirements under the A2 grading for the CW01 workhead.

Hon Industries presently does not meet minimum number of eight RPs employed by Hon Industries under the A1 grading for the CW01 workhead as detailed in (c) above. Hon Industries intends to expand its workforce in accordance with its expansion plans, and will increase the number of staff by 36 by 31 December 2018, which presently does not include recruitment of such additional RPs needed to meet the minimum of eight RPs under the A1 grading for the CW01 workhead. The manpower currently committed to the four projects that are expected to be completed in the financial year ended 31 December 2018 will be released upon completion of the respective projects in the last quarter of 2018. Save as for those contract staff that are to be released from the employment of our Group following the completion of the term of their contract with us, the remaining permanent staff will be deployed to other ongoing projects which include Project Residential, Project Housing, Project Education, Project Government Centre, and Project Park Connector. The project managers of the four aforementioned projects will be deployed to new projects that we may be awarded as we typically only appoint one project manager for each project. The hiring of additional 36 staff is to assist in current and new projects that we secure, and given that the additional 36 staff that we intend to hire are specialised staff, this will enable us to (i) reduce our reliance on subcontractors who charged us management fees for the provision of their manpower, as well as to reduce our reliance on subcontractors whom we engage to provide specialised staff, and (ii) to undertake work that requires specialised skillset by ourselves thereby increasing our competitiveness. Hon Industries intends to increase the number of RPs employed at a later stage in the future and will do so prior to the application for an upgrade to the A1 grading for the CW01 workhead and by the year 2020.

(d) Hon Industries has obtained their GB1 Licence since 16 June 2009 which is renewed once every three years in accordance with the BCA requirements.

(e) Hon Industries has been issued with the requisite quality control and workplace safety and health certifications, including the ISO 9001:2015, OHSAS 18001:2007, ISO 14001:2015, and the Green and Gracious Builder Award. For further details, please refer to the paragraph headed ''Main Licences and Registrations'' below in this section.

In light of the above, our Group presently fulfills the requirements set out in paragraphs (b), (d) and (e) above for the A1 grading under the CW01 workhead, and subject to the fulfilment of (a) and (c) above, our Group anticipates that we may apply for and upgrade our current A2 grading to A1 grading by the year 2020.

In order to increase our capacity to handle the anticipated increased number of projects and the increased number of high value contracts, as well as to reduce our reliance on hiring and/or leasing of machinery and equipment for our projects, we believe that increased investment in our workforce and machinery and equipment will be necessary. Accordingly, we intend to purchase additional machinery and equipment including but not limited to air compressors, scissor lifts, lorry cranes, forklifts, boom lifts, mini excavators, concrete mixers, wood chip machines, bending machines and water tank trucks. Our Group intends to utilise approximately HK$14.7 million, representing approximately 40.0% of the net proceeds from the Share Offer, to acquire additional machinery and equipment. The below table sets forth a summary of the major types of machinery and equipment our Group intends to acquire under our future plans, with the number of units to be purchased and their corresponding use and function:

Type of machinery and equipment	**Units to be purchased**	**Use and function**
Scissor lifts/boomlifts	25	Human hoists for maintenance or infrastructure building works
Sheet piling machine	1	Sheet piling work for infrastructure and/or building works
Lorry cranes	2	Transportation of manpower and building material for general use
Water tank truck	1	Transportation of water for infrastructure works
Air compressors	2	Carpentry work for interior decoration
Concrete mixers	2	Concrete mixing for infrastructure and/or building works
Mini excavators	2	Earth work for infrastructure and/or building works
Wood chip machine	1	Tree truck chipping for infrastructure works
Forklift	1	Transportation of building material for infrastructure building works
Skid loader	1	Transportation of building material and road sweeping for infrastructure building works
Auger	1	Boring of earth for infrastructure and/or building works
Thermal scanners	2	Detectors for maintenance works
Bending machine	1	Bending & cutting of reinforcement bar for infrastructure building works

Type of machinery and equipment	Units to be purchased	Use and function
Carpentry machines and sliding table saw	3	Fabrication of carpentry items

The machinery and equipment that our Group intends to purchase are not earmarked for any specific projects and will be deployed to projects as and when the need arise.

As at 1 June 2018, we owned the following machinery and equipment, all of which were deployed and stationed at all of our project work sites during the Track Record Period:

Type of machinery and equipment	Units owned	Use and function	Approximate average remaining useful life *(year(s))*
Bending machines	3	Bending and cutting of reinforcement bar for infrastructure building works	2
Compressors	2	Carpentry work for interior decoration	1
Dumpers	5	Transportation of building material	2
Concrete mixer	1	Mobile concrete mixing	5
Excavators and their attachments	15	Earth work for building and infrastructure works	2–3
Generators	3	Provide temporary supply of electricity	3
Lorry cranes, tipper trucks and vans	12	Transportation of manpower and building material for general use	1–3
Rollers	2	Compaction of ground	2
Skid loader and sweeper	1	Transportation of building material and road sweeping for building and infrastructure works	1

The machinery and equipment owned by our Group have been deployed to and are stationed at all of our project work sites during the Track Record Period and as such, we have engaged subcontractors to assist us in undertaking parts of the project works which we are unable to conduct due to the unavailability of our machinery and equipment, and have also leased machinery and equipment from vendors for our projects during the Track Record Period. Accordingly, given that (i) our machinery and equipment were deployed to and are stationed at all of our project work sites during the Track Record Period, (ii) our work process mainly involved project management, and (iii) that our equipment and machinery are used as and when required and are not directly related to the progress of our projects, utilisation rates for our machinery and equipment would not be meaningful.

As it is our plan to reduce engagement of subcontractors in general to reduce our costs and increase our competitiveness in the market (see paragraph headed "Expand and enhance our workforce and improve productivity through the purchase of additional software" below for details), by taking on these projects ourselves inhouse and enhancing our workforce for such more and complicated projects ideas, these types of new machinery and equipment are needed. Our Directors believe that acquiring the new machinery and equipment and reducing the reliance on the subcontractors to provide the machinery and equipment and project management will bring us the following benefits and thereby increase our capacity:

1. our approved subcontractor list can be broadened as the subcontractors need not own those equipment for executing the project work nor have project management personnel or experience. The deployment plan of the machinery and equipment can also be decided by our Group which allows us to have better control over our work schedule. This would enable our Group to have more choices and higher flexibility in selecting the subcontractors, as well as more effective management on the progress of the projects;

2. by providing our own machinery and equipment, we would not be required to pay any rental fees for renting machinery and equipment and the subcontracting fees charged by the subcontractors would be lower, thereby reducing our costs of operation; and

3. the new machinery and equipment which our Group intends to purchase will be the latest model available in the market which have more precise and technological advances in order to enable the work to be carried out more efficiently and effectively, thereby reducing the amount of manpower we will need to expend in conducting such work. This, in turn, will increase our capacity to undertake more projects. Further, as we intend to tender more and/or larger scale building and infrastructure projects, corresponding machinery and equipment with higher specification and technological advances will be needed in addition to those relatively basic ones which we currently own and use. Given our Group's proven construction track record, our Directors are of the view that our Group will have sufficient experience and expertise to operate such machinery and equipment and together with the recruitment of additional specialised staff.

Based on our Group's ongoing projects, our tendered projects, and our future plans, our Directors are of the view that acquiring machinery and equipment as set out in the section headed "Future Plans and Use of Proceeds — Implementation plan" in this prospectus is necessary and reasonable.

Expand and enhance our workforce and improve productivity through the purchase of additional software

In connection with the expansion of our business, we will expand our workforce and increase the number of staff by 36, which as at 30 April 2018, comprises of 316 employees including 48 office staffs, 54 site staffs and 214 workers. Our Group intends to use approximately HK$16.6 million, representing approximately 45.0% of the net proceeds from the Share Offer to recruit additional specialised staff to keep up with our business expansion. We also intend to enhance our workforce by providing opportunities for our employees to attend worker skill improvement programmes and to improve our productivity by investing in additional software. To this end, our Group intends to use approximately HK$0.4 million representing approximately 1.0% of the net proceeds from the Share Offer.

As at the Latest Practicable Date, we had a total of 14 ongoing projects (see the paragraph above headed "Our Business Model — Our projects — Ongoing projects as at the Latest Practicable Date" in this section for further details). Having taken into account our current projects on hand, and our current available manpower and other resources, our Directors consider that in order for us to increase our competitiveness in the market and to undertake additional and/or higher value contracts, various investments in our workforce and plant and equipment will be necessary, as detailed in the section headed "Future Plans and Use of Proceeds" in this prospectus. In relation to our investment in our workforce under our future plans, as stated above, we intend to hire an additional 36 specialised staff, as follows:

Role	Function	Number of staff
Senior staff	Supervision of project management	6
Skilled workers	Responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works	21
Operators	Responsible for the operation of machinery and equipment	9

We may from time to time engage subcontractors to perform or assist us in performing certain works, such as when we have limited available capacity of our own labour resources having regard to our workload from time to time or when the carrying out of such works and services require specialist licences, skills and/or machinery and equipment. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, the subcontracting costs incurred by us amounted to approximately S$29.2 million, S$61.1 million, and S$24.2 million, representing approximately 59.5%, 68.0%, and 69.8% of our total costs of services, respectively. Our Directors are of the view that reducing the use of subcontractors, particularly in our building and infrastructure projects and interior decoration projects, would generally enable us to reduce our costs and increase our competitiveness in the market (for example, by being able to offer more competitive pricing to our customers), as a profit markup is generally factored in the fees charged by subcontractors. Generally, when we delegate a material portion of our projects to some higher level subcontractors who provide project management services together with labour and/or machinery to perform our project works, our profit margin for these projects would be relatively low given the higher profit markup charged for their comprehensive nature of services. Our Directors are of the view that the hiring of an additional six senior members of staff would strengthen our in-house project management capability which would enable us to increase our profit margin by reducing the use of the higher level subcontractors, and allow our Group to alternatively engage more subcontractors who merely provide machinery and/or manual labour whilst maintaining the project management ourselves. In addition, by conducting project management function in-house, the quality and overall conduct of the projects can be supervised internally.

For the additional hiring of specialised skilled workers for electrical works, plumbing and sanitary works and air conditional and mechanical ventilation works, and operators for operation of machinery and equipment, they will be required to support our expected growth in undertaking additional and/or higher value contracts. In view of our Group's plan to expand its operation scale and to upgrade to an A1 grading for its CW01 workhead, our Directors consider that our Group will attain a sufficiently large

scale of operation and business volume in respect of certain types of works, in particular electrical works, plumbing and sanitary works and air conditional and mechanical ventilation works, for which retaining the required workers under its direct employment will be more cost-effective than engaging subcontractors on a project-by-project basis, as a profit markup is generally factored in the fees charged by subcontractors.

As for the remaining additional hiring of operators for the operation of machinery and equipment, they will be required to support our investment in machinery and equipment, details of which are set out in the paragraph headed "Business strategies — Expand our business and strengthen our market position in the building and construction industry in Singapore" in this section.

The additional specialised staff we intend to hire would comprise a combination of local and foreign workers depending on the availability of the qualified and suitable candidates at the time of hiring, but in any event, the number of foreign workers which we will hire will not exceed the dependency ceiling as stated on page 163 and 164 of this prospectus. With the ability to be more selective in the type of subcontractors and to take on more project management in-house to increase profit margin and quality, our Directors believe that we would be able to bid for more and larger projects at a lower price, whilst still maintaining a reasonable profit margin. Accordingly, taking the expansion strategies collectively mentioned herein, we are of the view that we will be able to capture new business opportunities as and when they arise.

Reconfigure our current properties and rent additional office space to keep up with our business expansion

To accommodate the increase in staff strength, and machinery and equipment, we also plan to reconfigure our current properties and rent additional office space. We currently lease two units of office space for our own use and we plan to rent additional office space of approximately the same size and area as our current leased units as these will be inadequate to accommodate our planned increase in the size of our workforce. We currently lease 972 sqm of our premises at 52 Tuas View Square, Singapore to three tenants. As this area is intended for use as factory and ancillary dormitory, we are unable to use those parts of the premises for our office use. On 31 December 2017, we disposed of the property located at 32 Toh Guan Road East, Singapore which was also only permitted for use as a factory and dormitory and could not be used as office space. As such, we plan to use a portion of the net proceeds to reconfigure and rent additional office space. Our Group intends to use approximately HK$1.5 million representing approximately 4.0% of the net proceeds from the Share Offer to reconfigure our current properties and rent new office space.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry out our business activities. In particular, our principal operating subsidiary, Hon Industries, is registered with an A2 grading under the CW01 workhead for "General Building" under the CRS, which allows us to tender for building construction works in the public sector in Singapore of up to S$85.0 million contract value. Our principal operating subsidiary, Hon Industries, also holds a GB1 Licence granted under the BLS, which allows us to undertake general building contracts of any value in Singapore.

With our A2 grading under the CW01 (General Building) workhead, our Group is able to undertake:

(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 carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants;

(b) A&A works on buildings involving structural changes; and

(c) installation of roofs,

for any public sector project with a contract value of up to S$85.0 million. Our main licences under the BLS and our main registrations under the CRS are set out in brief in the table below.

Licence type/ workhead	Title	Grant Date	Grade	Expiry Date	Renewal required[(1)]
Class A	General Waste Collector	5 April 2018	N/A	21 May 2019	Yes
GB1	General Builder Class 1 Licence	23 April 2018	N/A	16 June 2021	Yes
CW01	General Building	5 June 2018	A2	1 July 2021	Yes
CW02	Civil Engineering	5 June 2018	C1	1 July 2021	Yes
CR06	Interior Decoration and Finishing Works	5 June 2018	L5	1 July 2021	Yes
CR13	Waterproofing Installation	5 June 2018	L1	1 July 2021	Yes
ME01	Air-Conditioning, Refrigeration and Ventilation Works	5 June 2018	L5	1 July 2021	Yes
ME05	Electrical Engineering	5 June 2018	L5	1 July 2021	Yes
ME06	Fire Prevention and Protection Systems	5 June 2018	L3	1 July 2021	Yes
ME12	Plumbing and Sanitary Works	5 June 2018	L3	1 July 2021	Yes
ME15	Integrated Building Services	5 June 2018	L5	1 July 2021	Yes

Licence type/ workhead	Title	Grant Date	Grade	Expiry Date	Renewal required[1]
MW03	Landscaping	5 June 2018	L1	1 July 2021	Yes

Note:

(1) Two months prior to the expiry of any of our BCA licences or registrations, a notification will be sent to us by the BCA to remind us to submit the renewal application at least one month before the expiry date.

For further details on our main licences and registrations and their corresponding scope or requirements, please refer to the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus.

Our Directors confirm that, to the best of their knowledge and belief, our existing registrations under the CRS and our existing GB1 Licence under the BLS are adequate for our current business needs, and having made all reasonable enquiries, confirm that to the best of their knowledge, information and belief, there is no impediment that may affect the renewal of our Group's requisite licences, registrations and certifications. Our Directors confirm that our Group has obtained all the necessary licences and registrations which are required to carry out our principal business activities in Singapore up to the Latest Practicable Date.

Requirements for maintaining our licences and registrations

Our ability to maintain our existing workhead registrations under the CRS and our GB1 Licence under the BLS are crucial to our operations. Please refer to the section headed "Risk Factors — Risks relating to our business — Failure to renew, or any suspension or cancellation of, our licences and registrations could materially and adversely affect our operations and financial performance" in this prospectus for further information.

There are certain financial, personnel, track record, certification and other requirements that we have to comply with in order to maintain such licences and registrations, which are set forth in detail in the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus.

Personnel requirements

In relation to the CRS requirements relating to the employment of management and technical personnel, which are set forth in detail in the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, all personnel requirements were fully complied with and were satisfied by our employment of the following management and technical personnel under our CW01 workhead: (i) five RPs, comprising Mr. Ho, Mr. Gan Chee Keong, Mr. Tan Wi Cheng, Mr. Ong Khim Cheong, and Mr. J Tan; (ii) two Ts, comprising Mr. Lim and Mr. Tan Jit Pin; and (iii) five Ps, comprising Ms. Ng, Ms. Cheen Siang Chen, Ms. Lock Lee Fin, Ms. Jean-Leslie P. Miranda, and Mr. Fam Nam Siong Matthew.

Aside from the aforementioned personnel and as at the Latest Practicable Date, our Group has in its employment two Ts, and ten Ps who meet the CRS requirements and who may replace any of the aforementioned personnel in the event the need to do so arises.

Having considered our employment of the aforesaid management and technical personnel which satisfies the relevant personnel requirements as well as the fact that our Group has, as at the Latest Practicable Date, a number of other additional employees who are qualified to take up the relevant roles for fulfilling the personnel requirements in case any replacement is required, our Directors are of the view that our Group is not placing any undue reliance on any particular employee for fulfilling the relevant personnel requirements in relation to our GB1 Licence under the BLS and our registrations under the CRS.

Certification requirements

Another relevant requirement is in relation to the possession of certain certifications with respect to quality control, workplace safety and health, and environmental protection. We have obtained such required certifications throughout the Track Record Period and up to the Latest Practicable Date, as set forth in the following table:

Relevant authority/ organization	**Relevant list/category**	**Qualification/ Licence/Grading**	**Date of first grant/ registration**	**Date of expiry[(1)]**
BCA	Quality management system for scope of building construction services	ISO 9001:2015	8 March 2004	11 April 2021
BCA	Occupational health and safety management system for the scope of building construction services	OHSAS 18001:2007	20 June 2006	29 May 2021
BCA	Environmental management system for the scope of building construction services	ISO 14001:2015	27 July 2007	10 May 2021
BCA	Green and Gracious Builder Award	Merit	16 November 2015	15 November 2018
Workplace Safety and Health Council	bizSAFE	Level Star	15 December 2009	29 May 2021

Note:

(1) We typically begin renewing our ISO, OHSAS and bizSAFE certifications at least two months prior to the expiry of such certifications.

SALES AND MARKETING

Marketing activities

During the Track Record Period, we did not engage in material marketing activities other than through our executive Directors' liaising with our private sector customers. We also monitor, on a daily basis, the GeBIZ, the Singapore Government's one-stop e-procurement portal, for suitable tenders put up by the respective Singapore Government agencies, and BCI Asia, an online platform that provides its members with the latest news on opportunities in the building and construction industry in both the public and private sectors in Singapore. In addition, and through contact by our executive Directors with our private sector customers, we are often given referrals by architects or external consultants with whom we have working relationships with. During the Track Record Period, no fees were paid for such referrals. Our Directors consider that our track record, expertise in the building and construction industry, and reputation for strong project management, quality works and value-add service, are important factors in being invited for private tenders.

Pricing and tender strategy

When we have identified opportunities to tender via GeBIZ or BCI Asia, or received an invitation to tender, our sales and marketing department will first prepare a tender evaluation form to evaluate the customer to determine their reputation in the market, financial stability, past experience and technical competency. Our sales and marketing department also reviews the tender information on the projects requirements, specification and drawings, and evaluates our technical capability and capacity to meet the requirements in terms of manpower and machinery. Our executive Directors and our senior management team will then make the decision on whether to participate in the tender.

The GeBIZ serves as a web platform for the ease of posting available tender opportunities, and for contractors and suppliers to view these opportunities. Each Singapore Government agency that posts the tender will review the tender proposal, engage with the tenderers, request for tender interviews and subsequently award the contract to the winning bidder. Different projects have different evaluation criteria and weightage to each criteria, and this will be stated in the tender documents as published in GeBIZ.

Should our executive Directors and our senior management team decide to proceed with the tender, our sales and marketing department will prepare the tender documents. Generally, we will obtain three quotations from our subcontractors for services as reference for our budget preparation to determine the feasibility and profitability of the project. As a main contractor, we may appoint subcontractors to perform specialist works including reinforcement concrete works, ACMV, plumbing works, aluminum works, and steel structure works. Certain tenders will specify which subcontractor to use (i.e. subcontractors nominated by the customer), otherwise, we will typically recommend subcontractors on our approved subcontractor list who have a good track record and industry reputation, and obtain their quotation for the subcontract works for input into our tender proposal to the customer.

Our budgeted gross profit margin to be earned from the project and our pricing, will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, the construction schedule, the estimated working hours required, our available capacity and resources, site conditions and restraints, the potential to optimise or share resources for concurrent projects located in proximity to each other, prevailing market price/competitive environment, indicative pricing from our suppliers and subcontractors, and our past experience in tendering for similar projects. Our pricing is generally prepared on a cost-plus basis.

Our business development manager, with the assistance of our in-house quantity surveyors, possesses the experience, skills and knowledge to analyse the project requirements, the market and competitive environment. Typically, the key cost of services that will impact the budgeted gross profit margin in our projects are (i) material purchases, (ii) subcontracting costs, (iii) rental of machinery (if any) and (iv) labour cost. Our executive Directors and senior management team will make the final decision on our pricing and the submission of our tender, which is typically valid for between 90 and 180 days (or extended upon our customer's request), depending on the project stipulations. Once the contract is signed and subject to the terms of the contracts, including the issue of variation orders by our customers, no pricing adjustment for the contracted works will be made.

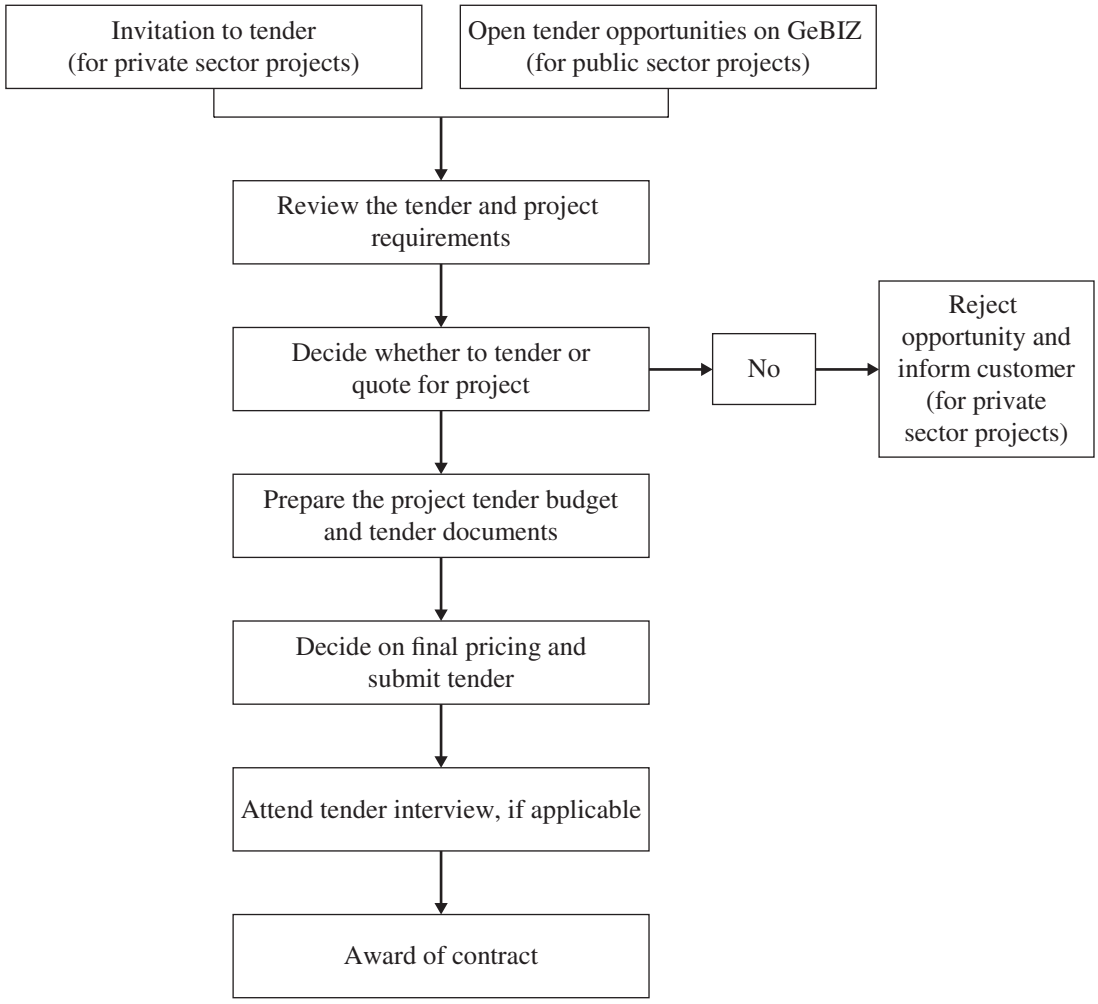
SEASONALITY

We believe that the building and construction industry in which we operate does not exhibit any significant seasonality. Based on the experience of our executive Directors, we are not subject to any material seasonal fluctuations as building and construction works generally take place throughout the year in Singapore and our business is project-based in nature.

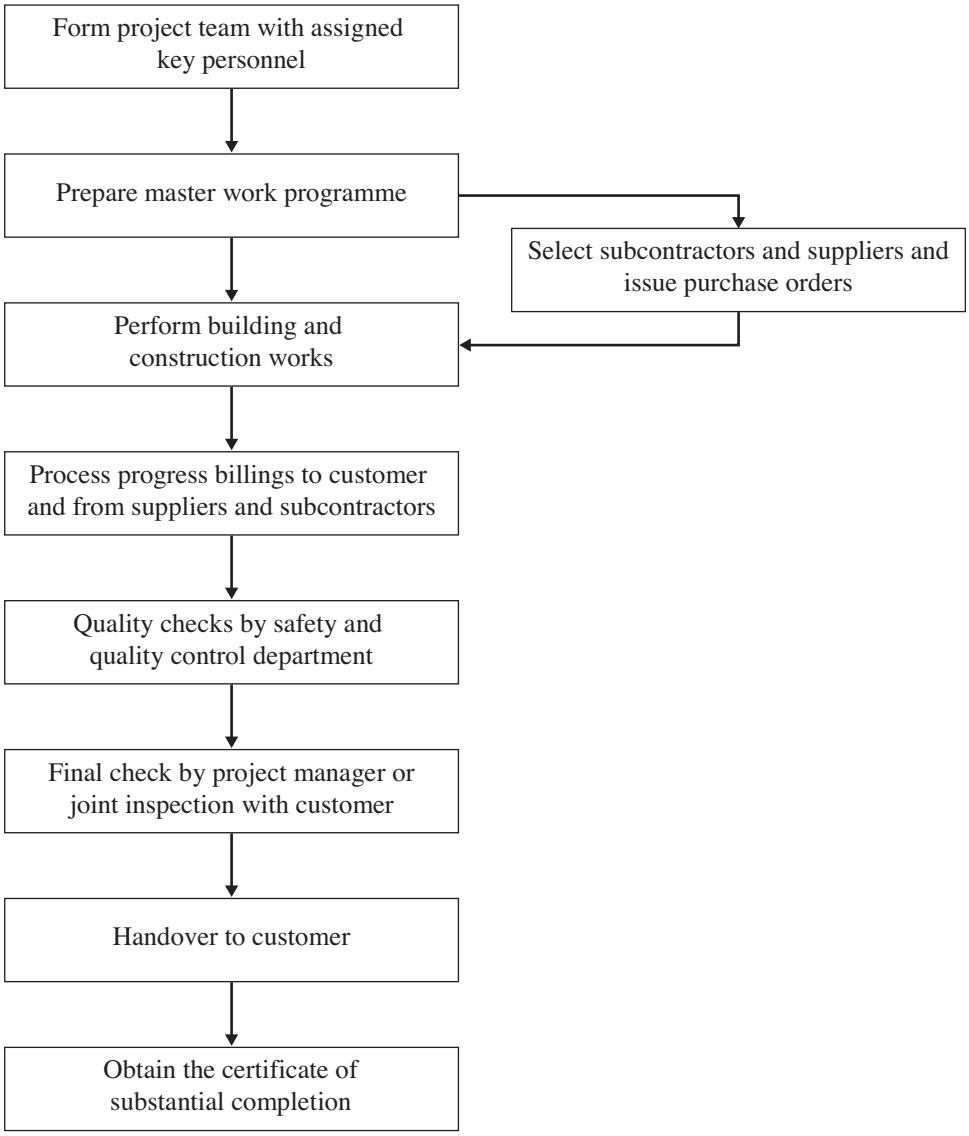
PROJECT MANAGEMENT AND OPERATIONS

The following diagram illustrates the general steps undertaken by us as a main contractor:

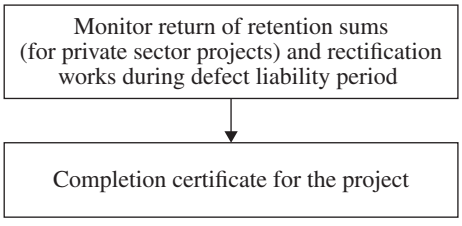
Tender phase



Project implementation phase



Post-project phase



Tender phase

Our projects come mainly from three sources, namely, (i) new building and construction opportunities in both the public and private sectors as published on BCI Asia; (ii) open tender opportunities published on GeBIZ; and (iii) invitations to tender from private customers. For more information on our marketing activities and pricing and tender strategy, please refer to paragraph headed "Sales and marketing" above in this section.

Subsequent to the submission of the tender proposals, we may be requested to attend tender interviews. If successful, we will be awarded the contract. We keep track of tenders which we have submitted, with information such as (i) project names/description and (ii) tender submission dates.

Tender success rate

The following table sets forth our tender success rates during the Track Record Period:

		For the financial year ended 31 December		For the four months ended 30 April
		2016	**2017**	**2018**
i.	Main contractor — public sector[(1)]	43	62	13
	Open tenders			
	• Number of projects awarded	5	3	0
	• Success rate[(2)]	11.6%	4.8%	0.0%
ii.	Main contractor — private sector[(1)]	24	19	5
	Invited tenders			
	• Number of projects awarded	3	0	2
	• Success rate[(2)]	12.5%	0.0%	40.0%
	TOTAL	**11.9%**	**3.7%**	**11.1%**

Notes:

(1) As at 30 April 2018, the outcomes for ten public sector tenders and three private sector tenders submitted by us are still pending and this does not include tenders submitted by us as at the Latest Practicable Date. Please refer to the section headed "Summary — Recent developments" in this prospectus for more information on tenders submitted as at the Latest Practicable Date.

(2) The tender success rate is an approximate percentage calculated with reference to the number of contracts awarded out of the number of tenders submitted (whether awarded in the same period or subsequently) during the relevant financial year/period. As we generally submit for more tenders than we have the ability to fulfil in order to optimize our resources, and with regard to the evaluation period for tenders that ranges from one to six months, our volume of tenders will generally be higher than the actual contracts awarded and tenders submitted in a particular year may only be awarded a contract in the following year.

One of the main reasons for the above tender success rates was that, after taking into account the availability of our manpower, our capacity, the number of projects we were working on at the material time and the schedule of the project to be tendered for, we sometimes had taken a relatively prudent

approach in costs estimation by factoring a higher profit margin in our tender invitation for projects of a smaller scale, which may cause our tender price to be less competitive. As such, when we received invitation letters for tenders from our potential customers, and in order to maintain our market presence, we may have offered less competitive terms when submitting tenders in response to such invitations, having regard to our capacity and resources that were already fully optimised, which may have contributed to the lower success rate of our tenders.

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, our tender success rates for public sector projects on an open tender basis averaged approximately 6.8% and that for invited tenders averaged approximately 10.4%. During the Track Record Period, there has been no change in our tendering strategy, which depends on the number of projects we have on hand, our available capacity in terms of manpower and budgeted profit margin, which in turn depends on numerous factors pertaining to the project and the competitive environment. Please refer to the paragraph headed ''Sales and marketing — Pricing and tender strategy'' above in this section.

Our tendering strategy is to submit for more tenders than the available capacity we have in order to secure sufficient projects for optimisation of our resources. During the Track Record Period, there was no instance of us being awarded projects beyond our available resources which resulted in cost overruns due to the use of external resources. The only project that we had incurred cost overruns during the Track Record Period was Project Library, where such cost overruns were not due to the use of external resources but were due to works performed out of goodwill during the preliminary stage of the project. Please refer to the section headed ''Financial Information — Review of historical results of operations — Year ended 31 December 2017 compared to year ended 31 December 2016 — Gross profit and gross profit margin'' in this prospectus for more information on the impact of cost overruns arising due to Project Library. Our Directors consider that our tender success rates during the Track Record Period were satisfactory given that we have secured a stable number of eight, three, and two projects in the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

Project implementation phase

Once a contract has been awarded, a pre-construction meeting will be held between our sales and marketing department, our procurement department and our operations department on the project's requirements. Tender or contract documents will be handed over to our operations department by our procurement department which include the tender documents, drawings, clarifications, or amendments made in respect to tender, and contract and project specifications. Our projects are headed by a project director with a project team that typically consists of a project manager, a civil and structural engineer, a site manager, an M&E coordinator, an architectural coordinator, a drafting team and a safety team. Our project director has the overall responsibility to manage the project, in terms of meeting both the timing and project specifications.

Our project director will prepare the master work programme which specifies the detailed steps to be taken for the entire construction process and the duration required for each step, as well as the project quality plan. We will obtain any additional permits and approvals (for example, structural work permit) required for the project from the respective government authorities and set up amenities such as site office and construction of temporary drainage system. Our procurement department will negotiate on pricing and contract terms with the subcontractor and/or supplier, collate the quotations and make a recommendation to our executive Directors and senior management team for approval. Our operations

department will also review the subcontractors and suppliers track record performance. Thereafter, we will select and award the subcontractors and suppliers from (i) our approved subcontractors and suppliers list; (ii) those we have invited to tender during our tender process which have been proposed to our customers; or (iii) nominated subcontractors provided by our customers, taking into consideration their pricing and track record performance. Once approval is obtained, we will arrange for the signing of contract/purchase order, and the subcontractor and/or supplier is obligated to fulfill the services or delivery at the agreed price and in accordance with the construction schedule. Please refer to the paragraphs headed ''Suppliers — Types of supplies'' and ''Subcontractors — Types of subcontracting works'' below in this section for further details on our assessment criteria of suppliers and subcontractors on our approved suppliers and subcontractors list.

We maintain good working relationships with our subcontractors and suppliers and do not foresee any material difficulties in sourcing for services and materials in the future. Our project team will hold regular meetings with our subcontractors to discuss progress and issues (if any) encountered or anticipated in a project.

The appointed suppliers and subcontractors will subsequently submit their shop drawings, design, catalogue, or sample materials and their method statements, as the case may be, to our project team for approval. For subcontractors, our project team will compile and verify the shop drawings of all subcontractors with our procurement department, and make assessments of various subcontractors' drawings and method statements to ensure the whole construction process can be carried out smoothly and in accordance with the specifications. Should there be any discrepancy, the shop drawings will be returned to our subcontractors for revision. In respect of suppliers, material specifications will be submitted by the suppliers to our project team. Once our project team approves of and selects the shop drawings, the method statements, catalogue and/or sample materials, they will be submitted to the external consultant for approval. Upon approval, our subcontractors can commence works and our project team will follow up on the site progress to ensure that the construction works are in accordance with the approved shop drawings and method statements. In addition, the approved material sample will be stored in the site sample room as a benchmark to perform quality test upon receipt of the materials.

Our finance department is responsible for recording accounts payables, receivables, and preparation of progress billings and invoices. Our quantity surveyors will coordinate with our finance department on the progressive billings to our customers, based on the progress of services performed. Typically between 5% and 10% of the progress claims will be retained by our private customer(s) on a progressive basis for an agreed period after completion of each project. For public sector projects, our customers do not withhold retention monies. Upon receiving our payment request, our customer will have its own personnel to acknowledge the progress claim, typically based on inspection by its quantity surveyor, and then to issue us with a valuation certificate. We will then be requested to issue an invoice to our customers, and average credit terms to our customers are typically 30 to 35 days payable by cheque and GIRO. For our suppliers and subcontractors, we either make payment upon delivery (in the case of suppliers), or within the average credit terms of typically 30 to 90 days, and 30 to 45 days, respectively; for subcontractors, they will submit their payment request to us and we will ascertain the completion of their works. Once ascertained, we will issue a valuation certificate, request for their invoice and make payment within the credit term.

During the course of the project, we will carry out regular site inspections and require our subcontractors to carry out rectification works if required. The status of rectification works will also be included in a report for our monitoring. Please refer to the paragraph headed "Quality control" in this section of this prospectus for further information on various inspection checks conducted throughout the project implementation. We will be issued with a certificate of substantial completion upon handover of the project to the customer.

The duration of our projects generally ranges between one and three years and is dependent on the scale and complexity of the project, the duration stipulated in the contract and the construction schedule in our internal mobilisation plan. There may also be instances of variation orders where specification and scope of works are amended from that originally contracted. A variation order may increase, omit or vary the original scope of work, and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated. In instances where our customers require performance bonds with an insurer or a financial institution made in favour of them for a certain percentage of or the full amount stipulated in the contract, the performance bond will automatically lapse or expire at the specified date in the performance bond.

Post-project phase

Upon the completion of our projects, we will typically receive a certificate of substantial completion from our customer's consultant, which indicates that our services have been completed, inspected and approved. From the date of substantial completion of our construction works, the defect liability period of between 12 and 18 months will commence and we are required to rectify any defects brought to our attention during this period. We will, from time to time, also monitor our receipts, as well as the return of retention monies from our private customers. For our projects in the private sector, upon substantial completion, the retention monies of between 2.5% and 5% (depending on the terms of the contract) of the contract amount shall be released to us and the balance of such retention monies upon expiry of the defect liability period. For public sector projects, our customers do not withhold retention monies.

QUALITY CONTROL

We have a quality management system in place to ensure that we provide quality construction infrastructure works that consistently meet our customers' expectations, legal and regulatory requirements, and safety standards with the key objectives of achieving (i) a good rating in our customer satisfaction survey; and (ii) a timely hand over. Our ISO 9001:2015 certification was last audited in April 2018 by an Independent Third Party with no non-conformity noted. Our relevant quality aspects cover:

(i) Purchasing and subcontracting

As elaborated in the paragraphs headed "Suppliers" and "Subcontractors" below in this section, we have an approved suppliers and subcontractors list and our purchaser, contract manager and/or project manager will perform an assessment of the suppliers and subcontractors based on various performance indicators. We may remove the supplier and/or subcontractor from the approved suppliers and subcontractors list if they are unfavourably assessed.

(ii) Storage of purchased materials

Our site supervisor will perform an incoming inspection (for instance, visual inspection or check against manufacturers' test certificates) of purchased materials to ensure that they comply with the contract specifications or requirements and are consistent with the material sample stored in the site sample room. On-site material quality tests will also be performed on a sample basis by external consultants and monitored by our project team. Our site supervisor will also ensure that items are properly kept and identified at our storage.

(iii) On-site quality checks and handing over inspection

All completed construction services or works have to be properly preserved to prevent damage to completed works. On-site quality checks are conducted at each stage of construction services or works, for instance:

- piling works: load test to assess a pile's bearing capacity;
- concrete casting works: inspection of formwork and steel reinforcement/meshes; and
- concreting works: carry out tests to measure the concrete strength of the concrete works.

(iv) Feedback

We will obtain feedback from our customers during project progress and/or upon completion of project to gauge our performance level and to identify any areas of improvement. The indicators used to measure the customer satisfaction are (i) work progress in meeting the construction schedule; (ii) quality of performance; (iii) site planning and control; (iv) housekeeping; and (v) response to our customers' instructions. We also conduct an annual internal audit to identify areas for improvement, in particular those to ensure compliance with ISO 9001:2015 standards.

CUSTOMERS

Type of customers

Our customers include (i) Singapore Government agencies; and (ii) private companies in Singapore. Open tenders put up by Singapore Government agencies are posted on GeBIZ while tenders for private organisations are mainly by invitation. In addition, we routinely monitor BCI Asia for new tender opportunities in both the public and private sectors. During the Track Record Period, we were engaged by 21 customers.

Top five customers

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, revenue from our top five customers amounted to approximately S$48.4 million, S$92.0 million, and S$36.0 million, and accounted for approximately 88.0%, 91.3%, and 93.4% of our total revenue, respectively. Revenue from our largest customer for the same periods amounted to approximately S$23.3 million, S$38.2 million, and S$16.6 million, and accounted for approximately 42.4%, 37.9%, and 43.1% of our total revenue, respectively.

Our top five customers during the Track Record Period included different Singapore Government agencies, such as ministries and statutory boards. The following table sets forth our top five customers during the Track Record Period:

For the financial year ended 31 December 2016

Customer	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Scope of services provided by our Group	Nature of construction projects	Revenue contribution	
					Aggregate amount *(S$'million)*	Percentage of revenue of our Group *(%)*
Customer A[(1)]	3 years	35 days credit terms and payment by GIRO	Building and infrastructure — proposed erection of new international school building	Institution	23.3	42.4
Customer B[(2)]	4 years	35 days credit terms and payment by cheque	Building and infrastructure and interior decoration — erection of five-storey industrial development with basement	Industrial	6.7	12.2
Customer C[(3)]	3 years	30 days credit terms and payment by GIRO	Building and infrastructure — construction of two single storey buildings	Institution	6.7	12.2
Customer D[(4)]	10 years	35 days credit terms and payment by GIRO	Building and infrastructure — erection of a recreation centre	Institution	6.6	12.0
Customer E[(5)]	2 years	35 days credit terms and payment by cheque	Interior decoration — A&A works to existing building	Commercial	5.1	9.2
TOTAL					48.4	88.0

For the financial year ended 31 December 2017

Customer	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Scope of services provided by our Group	Nature of construction projects	Revenue contribution	
					Aggregate amount *(S$'million)*	Percentage of revenue of our Group *(%)*
Customer A[1]	3 years	35 days credit terms and payment by GIRO	Building and infrastructure — proposed erection of new international school building	Institution	38.2	37.9
Customer F[6]	2 years	35 days credit terms and payment by GIRO	Building and infrastructure — proposed development of public park	Institution	28.1	27.8
Customer D[4]	10 years	35 days credit terms and payment by GIRO	Building and infrastructure — erection of a recreation centre	Institution	18.2	18.1
Customer E[5]	2 years	35 days credit terms and payment by cheque	Interior decoration — A&A works to existing building	Commercial	4.0	4.0
Customer G[7]	2 years	35 days credit terms and payment by GIRO	Term contract — renovations and A&A works to facilities for three years	Institution	3.5	3.5
TOTAL					92.0	91.3

For the four months ended 30 April 2018

Customer	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Scope of services provided by our Group	Nature of construction projects	Revenue contribution	
					Aggregate amount *(S$'million)*	Percentage of revenue of our Group *(%)*
Customer F[6]	2 years	35 days credit terms and payment by GIRO	Building and infrastructure — proposed development of public park	Institution	16.6	43.1
Customer A[1]	3 years	35 days credit terms and payment by GIRO	Building and infrastructure — proposed erection of new international school building	Institution	13.0	33.7
Customer H[8]	1 year	30 days credit terms and payment by GIRO	Term contract — renovation, A&A works and maintenance works to existing building for three years	Institution	3.6	9.3
Customer I[9]	1 year	30 days credit terms and payment by GIRO	Interior decoration — interior fitting out works to public library	Institution	1.4	3.7
Customer E[5]	2 years	35 days credit terms and payment by cheque	Interior decoration — A&A works to existing building	Commercial	1.4	3.6
TOTAL					36.0	93.4

Notes:

(1) Customer A is a Singapore incorporated private company that is limited by shares since 2009 that provides educational support services (including but not limited to tuition matching services) on several campuses in Singapore.

(2) Customer B is a Singapore incorporated exempt private company limited by shares since 2010 whose principal activities include the operation of food courts, coffee shops, and eating houses and wholesale distribution on a fee or contract basis.

(3) Customer C is a statutory board established under the Singapore Government since 2000 that implements defence technology plans, acquires defence equipment and supplies, and develops defence infrastructure for the Singapore Government.

(4) Customer D is a statutory board established under the Singapore Government since 1968 that focuses on the management and development of industrial estates and their related infrastructure, and is the lead agency in planning, promoting and developing the industrial landscape in Singapore.

(5) Customer E is a Singapore incorporated public company limited by guarantee since 1992 whose principal activities include the operation of acute hospitals, clinics and other general medical services (non-western), and the provision of other medical and health services.

(6) Customer F is a statutory board established under the Singapore Government since 1963 that provides services for and enhances the greenery of Singapore, and is responsible for the management of over 300 parks and 4 nature reserves in Singapore.

(7) Customer G is a ministry of the Singapore Government founded in 1960 that formulates and implements education policies on education structure, curriculum, pedagogy and assessment in Singapore, and oversees the management and development of Singapore Government-funded schools, and the Institute of Technical Education, polytechnics and universities.

(8) Customer H is a ministry of the Singapore Government founded in 1959 that is responsible for national security, public safety, civil defence, border control and immigration.

(9) Customer I is a statutory board established under the Singapore Government since 1995 that promotes reading, learning and information literacy by providing a trusted, accessible and globally-connected library and information service through its comprehensive network of public libraries.

Hon Industries' agreements with its top five customers during the Track Record Period contained express or implied confidentiality obligation on our Group. Accordingly as advised by our legal advisers as to Singapore laws, the disclosure of their identities may result in a breach of such confidentiality obligations save where consent for such disclosure has been obtained from the respective customers.

None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue, had any interest in any of our top five customers during the Track Record Period. During the Track Record Period, we have not had any material disagreement or dispute with any of our five largest customers.

Major customers who are also our subcontractors and vice versa

One of our top five customers, Customer B, shares two of the same shareholders and directors ("**Shareholder X**" and "**Shareholder Y**") as one of our top five subcontractors, Subcontractor D. We were engaged in a building and infrastructure and interior decoration project for Customer B in connection with the erection of a five storey industrial development with a basement; and we engaged Subcontractor D to supply and install interior design works for our project with Customer B, as Subcontractor D was a subcontractor nominated by Customer B for the said project.

To the best knowledge and belief of our Directors, Customer B, Subcontractor D, Shareholder X and Shareholder Y are Independent Third Parties, and the terms of our transactions with Customer B and Subcontractor D are fair and reasonable, in line with the market practice and are similar to those transactions entered into with our other customers and subcontractors.

The following table sets out the revenue contribution as well as gross profit from Customer B, and the costs of materials and/or services supplied to our Group by Subcontractor D, during the Track Record Period:

	For the financial year ended 31 December		For the four months ended 30 April
	2016	2017	2018
Revenue from Customer B as a percentage of our total revenue	12.2%	—	—
Gross profit from Customer B *(S$'million)*	0.8	—	—
Cost of materials and/or services attributable to Subcontractor D *(S$'million)*	2.1	—	—

Customer concentration

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, the aggregate revenue attributable to our top five customers amounted to approximately S$48.4 million, S$92.0 million, and S$36.0 million, representing approximately 88.0%, 91.3%, and 93.4% of our total revenue, respectively, and the revenue attributable to our largest customer amounted to approximately S$23.3 million, S$38.2 million, and S$16.6 million, representing approximately 42.4%, 37.9%, and 43.1% of our total revenue for the same period, respectively. The concentration of revenue attributable to these specific customers is due largely to (i) the project-based nature of the business of our Group; (ii) the fact that one of our sizeable projects with our largest customer had major progress during the Track Record Period, which resulted in a substantial part of our Group's resources being occupied for the said project; (iii) the current limited size of our Group which affects the number of projects we can take on concurrently; and (iv) the length of time for execution of the projects which led to a longer revenue recognition period for our Group. Notwithstanding the concentration of revenue in our top five customers during the Track Record Period, our Directors believe that our Group's business model is sustainable due to the following:

(a) it is not uncommon in our industry for a single high value project to contribute to a substantial amount of our revenue for a longer contracting period. In the event that our Group undertakes such a high value project, or several high value projects on or around the same time, the relevant customer(s) may easily become our largest customer(s) in terms of revenue contribution to us for potentially more than one financial year;

(b) although a high value project would occupy a substantial part of our Group's resources in short term, our executive Directors and senior management team believe that as future customers will refer to our established track record and past performance in determining whether to award a contract to us, having a wide variety of high value contracts in our Group's portfolio will solidify our reputation as a reliable and experienced main contractor and contribute to the business development of our Group in the long run;

(c) our projects awarded during the Track Record Period arose mainly from open tenders in the public sector and for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, two, three, and three of our top five customers are Singapore Government agencies, which contributed approximately 24.2%, 49.4% and 56.1% of our total revenue, respectively. All tenders with Singapore Government agencies are submitted for on an open tender basis via GeBIZ rather than by invitation and key factors evaluated include the pricing and quality of works and services provided. Contractors with a proven record of reliability, quality control and safety, coupled with the variety of projects undertaken will be evaluated favourably by any customer. In addition, our track record with Singapore Government agencies will place us in an advantageous position when tendering for public sector projects as Singapore Government agencies typically have shared access to their contractors' performance;

(d) as at the Latest Practicable Date, we have 14 ongoing projects. Taking into consideration the outstanding contract sums on these projects (which include any variation orders obtained as at the Latest Practicable Date), these projects are expected to contribute approximately S$108.9 million and S$70.0 million to our total revenue for the two financial years ending 31 December 2019. The amount of revenue expected to be recognised may be subject to change due to the actual progress and commencement and completion dates of our projects.

Our business relationships with our top five customers

To the best knowledge and belief of our Directors, each of our top five customers and their respective ultimate beneficial owners are Independent Third Parties. Our executive Directors and senior management team are of the view that our Group is not overly reliant on our top five customers and it is unlikely that our Group would find it difficult to secure other projects from other customers in the future. Taking into account the size of our Group and the number of projects undertaken during the Track Record Period, our executive Directors and senior management team believe that our Group has a reasonably diversified range of customers and projects in its portfolio. Our Group has no intention to limit itself to servicing only our top five customers and will continue to actively monitor and tender for new projects with a range of customers, having regard to, amongst others, our Group's available resources and the contract sum.

KEY CONTRACT TERMS WITH CUSTOMERS

Generally the main contractor contracts entered into with our customers contain terms relating to the contract price, duration, the scope of work, the payment terms, retention money (for private sector customers only), defect liability period provisions, performance bonds, liquidated damages and termination.

Duration

The duration will typically be stated in the contract and is usually between one and three years, depending on the scale and complexity of the project.

Terms of payment

Terms of payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory Overview" in this prospectus. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts, progress claims are to be certified by our customer within 21 calendar days from the submission of our progress claims and payment should be made within 30 to 35 days of such certification. Customers may also specify the agreed credit term in the contract, which typically average from 30 to 35 days.

Retention money

For customers in the private sector, a portion of the contract value, normally between 5% and 10% is withheld by them as retention money, of which half will be released upon substantial completion and the remaining released after the defect liability period (being usually between 12 and 18 months commencing from substantial completion date) or upon issuance of final completion certificate. For public sector projects, our customers do not withhold retention monies. The substantial and final completion certificates are certificates issued by the customer's architect to us to acknowledge that the projects are completed. Substantial completion implies that the works to be completed under the contract have been duly completed, and that there is no apparent defect. It is the start of the defect liability period. Final completion implies acceptance by the customer of all our obligations under the contract, and the corresponding certificate is usually issued after the end of the defect liability period.

Security deposits/performance bonds

For contracts with our customers, a security deposit or performance bond is typically required either within 14 days of the letter of acceptance or such other longer period as may be prescribed by our customer. This security deposit is in the form of a performance bond or a guarantee for an equivalent amount from a bank or a Monetary Authority of Singapore-approved insurance company ("**BG**") and in the prescribed form. Such security deposits or performance bonds were secured by, amongst others, personal guarantees given by Mr. Ho and Mr. Lim and will be released upon Listing and replaced by our corporate guarantees. Our customer may place a claim on the performance bond or the BG to make good any loss or damage sustained or likely to be sustained as a result of any breach of contract whatsoever by us, including any liquidated damages. We did not experience any claim on any performance bonds or security deposit during the Track Record Period.

Defect liability period

Our contracts will include a defect liability period, during which we are responsible to rectify works defects at no extra cost to the client. The defect liability period is usually between 12 and 18 months from the date of certificate of substantial completion. If the materials used are defective, we will replace them during the defect liability period or request our subcontractors to do so.

Insurance

As a main contractor, we are required to procure contractors' all risks insurance and work injury compensation insurance for the benefit of our customer, our Group as main contractor and our subcontractors specifically for the project. For the details of insurance policies taken out by our Group, please see the paragraph headed "Insurance" below in this section.

Foreign workers

We are responsible for ensuring that all workers employed at the project worksite possess valid work permits, and we typically require our subcontractors to provide an undertaking that no illegal immigrants will be hired or employed at the project worksite. We are liable for and shall indemnify our customers against any losses or liabilities arising from our hiring of illegal immigrants for the relevant project. During the Track Record Period, we did not hire any illegal immigrants and no action or notifications were taken against us or issued to us in connection with hiring of illegal immigrants.

Liquidated damages

Our contracts typically include a liquidated damages clause, where if we fail to complete the work scope within the stipulated time and/or cause unnecessary delay to the entire project that result in liquidated damages being imposed on our customer, we shall reimburse the customer for some or all of the incurred liquidated damages. There were no material liquidated damages paid by our Group during the Track Record Period.

Variation

We may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated.

Termination

Our contracts can typically be terminated by our customer if, among others, we have: (i) abandoned the contract or suspended the contract works; (ii) without reasonable cause, failed to commence the contract works or failed to proceed with the contract works diligently; (iii) failed to execute the contract works, or failed to perform or comply with other obligations or duties under and in accordance with the contract; (iv) become bankrupt or insolvent, or made a composition with creditors, or any winding up order of any kind made, or possession taken or execution levied by the creditors or debenture holders; or (v) assigned to another person our principal functions without consent from our customers. During the Track Record Period, none of our contracts were terminated pursuant to the termination clause.

SUPPLIERS

Types of supplies

Our purchases are mainly from suppliers in Singapore and our main purchases include ready-mixed concrete, reinforcing bars, rental of machinery and equipment, and hardware such as wiring and tools. We make our purchases based on the needs of individual projects. We generally place an order with our supplier for each purchase and where cash on delivery is not requested, the average credit terms offered to us is generally between 30 and 90 days, payable by either cheque, or GIRO. We do not have any long-term agreement with our suppliers other than for purchases specific to our projects. We maintain good relationships with our suppliers and have not experienced any significant quality or fulfillment issues with our suppliers.

We maintain an approved list for suppliers who have passed our assessment criteria; for suppliers first admitted to the list, we will review their performance based on, among others, their (i) price; (ii) quality of product; (iii) current workload; (iv) current resources; (v) past performance; (vi) market reputation; (vii) paid up capital (where applicable); (viii) bizSAFE level; and (ix) Green and Gracious Builder Award (where applicable). This assessment is performed by our procurement department and operations department and submitted to our executive Directors and senior management team for approval. Subsequently, on an annual basis or as and when required, our project managers will assess the performance of the suppliers based on, among others, their (i) ability to meet delivery schedules in accordance with the contract/purchase order; (ii) ability to meet the tests requirements; (iii) response to instructions; (iv) ability to honour warranties and/or guarantees; (v) management commitment; (vi) quality of goods and services received; (vii) quality management system; (viii) cost competitiveness; and (ix) environmental, health and safety performance as well as their Green and Gracious Builder Scheme performance (where applicable). Following such review, our procurement department, our executive Directors and senior management team will decide whether the supplier will be retained in the approved suppliers list. As at the Latest Practicable Date, there were approximately 370 vendors on our approved suppliers list.

Top five suppliers

For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, purchases from our top five suppliers amounted to approximately S$5.2 million, S$6.1 million, and S$2.8 million, and accounted for approximately 10.6%, 6.7%, and 8.1% of our total costs of services, respectively. Purchases from our largest supplier for the same periods amounted to approximately S$2.3 million, S$1.8 million, and S$0.9 million, and accounted for approximately 4.6%, 2.0%, and 2.6% of our total costs of services, respectively.

The following table sets forth our top five suppliers during the Track Record Period:

For the financial year ended 31 December 2016

Ranking	**Supplier**	**Approximate years of relationship with our Group as at the Latest Practicable Date**	**Typical credit terms and payment methods**	**Main types of goods supplied to us**	**Approximate amount of purchase** *(S$'million)*	**Approximate percentage to our Group's total costs of services** *(%)*
1.	Supplier A[(1)]	6 years	30 days credit terms and payment by either GIRO or cheque	Ready-mix concrete	2.3	4.6
2.	Supplier B[(2)]	3 years	30 days credit terms and payment by either GIRO or cheque	Steel welded mesh	0.9	1.9
3.	Supplier C[(3)]	8 years	45 days credit terms and payment by either GIRO or cheque	Electric power cables and wires	0.9	1.8
4.	Super Bend Pte. Ltd.[(4)]	3 years	30 days credit terms and payment by either GIRO or cheque	Reinforcement bars	0.7	1.4
5.	Ribar Industries Pte. Ltd.[(5)]	5 years	30 days credit terms and payment by either GIRO or cheque	Reinforcement bars	0.4	0.9
TOTAL					5.2	10.6

For the financial year ended 31 December 2017

Ranking	Supplier	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Main types of goods supplied to us	Approximate amount of purchase *(S$'million)*	Approximate percentage to our Group's total costs of services *(%)*
1.	Supplier A[(1)]	6 years	30 days credit terms and payment by either GIRO or cheque	Ready-mix concrete	1.8	2.0
2.	Supplier C[(2)]	8 years	45 days credit terms and payment by either GIRO or cheque	Electric power cables and wires	1.4	1.5
3.	Hunter Douglas Singapore Pte. Ltd.[(6)]	5 years	30 days credit terms and payment by either GIRO or cheque	Shades/blinds	1.3	1.4
4.	Hock Seng Transport & Trading Pte. Ltd.[(7)]	4 years	30 days credit terms and payment by either GIRO or cheque	Supply of diesel oil	0.8	0.9
5.	Super Bend Pte. Ltd.[(4)]	3 years	30 days credit terms and payment by either GIRO or cheque	Reinforcement bars	0.8	0.9
TOTAL					6.1	6.7

For the four months ended 30 April 2018

Ranking	Supplier	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Main types of goods supplied to us	Approximate amount of purchase *(S$'million)*	Approximate percentage to our Group's total costs of services *(%)*
1.	Surface Stone Pte. Ltd.[(8)]	9 years	30 days credit terms and payment by either GIRO or cheque	Tiles	0.9	2.6
2.	P5 Luminaire Pte. Ltd.[(9)]	1 year	30 days credit terms and payment by cheque	Lighting and lighting accessories	0.6	1.8
3.	Changi-Light Pte. Ltd.[(10)]	10 years	30 days credit terms and payment by either GIRO or cheque	Lighting and lighting accessories	0.5	1.4
4.	Supplier A[(1)]	6 years	30 days credit terms and payment by either GIRO or cheque	Ready-mix concrete	0.5	1.3
5.	Supplier D[(11)]	4 years	30 days credit terms and payment by either GIRO or cheque	Lighting equipment (including electrical accessories)	0.3	1.0
TOTAL					2.8	8.1

Notes:

(1) Supplier A is a private company limited by shares whose principal activities include the manufacture of ready-mix concrete and general contractor works i.e. building construction including major upgrading works.

(2) Supplier B is a private company limited by shares whose principal activities include the manufacture of basic iron and steel (including smelting works) and building construction works.

(3) Supplier C is an exempt private company limited by shares whose principal activities include general wholesale trading and the manufacture of electric power cables and wires.

(4) Super Bend Pte. Ltd. is a private company limited by shares whose principal activities include the manufacture of basic iron and steel (including smelting works) and building construction works.

(5) Ribar Industries Pte. Ltd. is an exempt private company limited by shares whose principal activities include the manufacture of basic iron and steel (including smelting works) and building construction works.

(6) Hunter Douglas Singapore Pte. Ltd. is a private company limited by shares whose principal activities include building construction works not elsewhere classified (including the supply and installation of metal products except machinery and equipment) and building completion and finishing not elsewhere classified (including the supply and installation of window coverings and home furnishing).

(7) Hock Seng Transport & Trading Pte. Ltd. is an exempt private company limited by shares whose principal activities include the provision of value added logistics services (including warehouse renting services and other transport services not elsewhere classified) and wholesale of solid, liquid and gaseous fuels and related products not elsewhere classified.

(8) Surface Stone Pte. Ltd. is a private company limited by shares whose principal activities include the retail sale of hardware, paint and glass not elsewhere classified (such as wood, glass, sanitary ware, do-it-yourself materials), and general wholesale trade (including general importers and exporters).

(9) P5 Luminaire Pte. Ltd. is a private company limited by shares whose principal activities include the wholesale of lighting and lighting accessories (including trading and wholesale of lighting and automation products), and the provision of interior design services (including lighting consultancy, design and project management).

(10) Changi-Light Pte. Ltd. is an exempt private company limited by shares whose principal activities include the wholesale of lighting and lighting accessories, and the manufacture and repair of electric lamps and lighting equipment (including silver reflectors, fittings and parts).

(11) Supplier D is an exempt private company limited by shares whose principal activities include the manufacture and repair of electric lamps and lighting equipment (including silver reflectors, fittings and parts), the supply and distribution of lighting equipment including electrical accessories, and electrical works (including installation works involving minor construction works).

We are not reliant on any single supplier and have also not experienced any shortage or delay in supply of materials during the Track Record Period. We have alternative suppliers for each major category of supplies on our approved suppliers list. None of our top five suppliers during the Track Record Period is also our customer. None of our Directors, or any of their respective associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue, had any interest in any of our top five suppliers during the Track Record Period. During the Track Record Period, we have not had any material disagreement nor dispute with any of our suppliers.

KEY CONTRACT TERMS WITH SUPPLIERS

Generally, the contracts with our suppliers for our projects contain terms relating to the unit price, types and specifications of the materials, payment terms and delivery. Typically, we enter into a contract with our suppliers on a project basis for significant purchases of a particular material such as concrete and/or rebar.

Unit price, types and specifications of the materials

The types and specifications of the materials (i.e. size, length, width) together with its corresponding unit price will be stated in the contract. Further, there may also be transportation charges on the materials.

Terms of payment

Terms of payment will typically be stated in the contract and where cash on delivery is not requested, we will usually be offered credit terms of on average between 30 and 90 days from the date of invoicing or delivery, as the case may be. A credit limit will generally be awarded by our suppliers and should we exceed the credit limit, our suppliers have the right to suspend or terminate the supply to us. Further, the rate of the late payment charge will also be stated in the contract, to be imposed on the portion of debt that remains unpaid upon the expiry of the credit term.

Delivery

Delivery terms such as minimum delivery quantity, minimum days of notice required from confirmation of order to delivery, and packing sizes will typically be stated in the contract. Should we order less than the stated minimum delivery quantity, there will be additional transportation charges.

SUBCONTRACTORS

Types of subcontracting works

As a main contractor, we may choose to delegate the bulk of the building and general construction works to our subcontractors. During the Track Record Period, we usually engaged subcontractors on a project basis for specialised works such as reinforcement concrete works, plumbing works, ACMV, steel structure works, and aluminum works, as we may not have the relevant expertise or capacity to perform such specialised works.

We maintain good relationships with our subcontractors through strong communication on project-related matters, particularly the coordination on the progress of our subcontractors' works and the requirements of the project. We also make prompt payment to our subcontractors and they have provided their services on a reliable and timely basis. In general, we are liable to our customers for the performance of our subcontractors including but not limited to defects, delay in the project schedule and contravention of rules or regulations.

Our subcontractors have the general responsibility to ensure that all works performed must satisfy the requirements of the contract. The duration of subcontracts vary depending on the nature of the subcontract works. Our subcontractors generally may submit monthly payment claims or progressive

payment claims to be approved by us in accordance with the BCISPA. Credit terms provided by our subcontractors are generally between 30 and 45 days, payable by either cheque or GIRO. We typically require our subcontractors to arrange for and bear the cost of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. In some cases, we would not require our subcontractors to bear the cost of certain materials if we decide to purchase such materials at our own costs.

We typically select our subcontractors from our approved list of subcontractors, where they are initially assessed based on, among others, their (i) pricing; (ii) quality of product; (iii) current workload; (iv) current resources; (v) quality management system; (vi) market reputation; (vii) paid up capital (where applicable); (viii) bizSAFE level; and (ix) Green and Gracious Builder Award (where applicable). This assessment is performed by our procurement department and operations department in conjunction with our contract manager and is then submitted to our executive Directors and senior management team for approval. The subcontracting fees for the project is determined based on the scope of the project, the completion time and the complexity of the works involved. Subsequently, our project manager will assess the performance of our subcontractors for each major project based on, among others, their (i) ability to meet work schedules in accordance with contract; (ii) ability to meet the tests requirements; (iii) response to instructions; (iv) ability to honour warranties and/or guarantees; (v) management commitment; (vi) quality of work and services received; (vii) cost competitiveness; and (viii) environmental, health and safety performance as well as their Green and Gracious Builder Scheme performance (where applicable). Following such review, our procurement department, operations department, executive Directors and senior management team will decide whether the subcontractor will be retained in our approved subcontractors list. As at the Latest Practicable Date, there were approximately 400 vendors on our approved subcontractors list.

Top five subcontractors

Our Group has, over the years, established good relationships with our subcontractors and the length of our relationship with them ranges from one to ten years. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, total amount paid for subcontracting works to our top five subcontractors amounted to approximately S$14.0 million, S$19.8 million, and S$10.4 million and accounted for approximately 28.6%, 22.1%, and 30.0% of our total costs of services, respectively. Our largest subcontractor fee for the same periods amounted to approximately S$4.3 million, S$6.8 million, and S$5.4 million and accounted for approximately 8.8%, 7.6%, and 15.7% of our total costs of services, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not receive any claims or disputes from our customers in respect of the quality of works performed by our subcontractors.

The following table sets forth our top five subcontractors during the Track Record Period:

For the financial year ended 31 December 2016

Ranking	**Subcontractor**	**Approximate years of relationship with our Group as at the Latest Practicable Date**	**Typical credit terms and payment methods**	**Main types of works and services provided to us**	**Approximate amount of purchase** *(S$'million)*	**Approximate percentage to our Group's total cost of services** *(%)*
1.	IRCI Industries Pte. Ltd.[(1)]	5 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of aluminum works	4.3	8.8
2.	Subcontractor B[(2)]	3 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of reinforced concrete works	3.9	8.0
3.	Method Engineering Private Limited[(3)]	9 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of ACMV works	2.1	4.3
4.	Subcontractor D[(4)]	2 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of interior design works	2.1	4.3
5.	Subcontractor E[(5)]	10 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of wet trade works	1.6	3.2
TOTAL					14.0	28.6

For the financial year ended 31 December 2017

Ranking	Subcontractor	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Main types of works and services provided to us	Approximate amount of purchase *(S$'million)*	Approximate percentage to our Group's total cost of services *(%)*
1.	Method Engineering Private Limited[3]	9 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of ACMV works	6.8	7.6
2.	IRCI Industries Pte. Ltd.[1]	5 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of aluminum works	5.6	6.2
3.	Subcontractor B[2]	3 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of reinforced concrete works	2.8	3.2
4.	ISO-Integrated M&E Pte. Ltd.[6]	1 year	30 days credit terms and payment by either GIRO or cheque	Electrical works	2.4	2.7
5.	DN Hybrid Pte. Ltd.[7]	5 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation for structural steel works	2.2	2.4
TOTAL					19.8	22.1

For the four months ended 30 April 2018

Ranking	Subcontractor	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit terms and payment methods	Main types of works and services provided to us	Approximate amount of purchase *(S$'million)*	Approximate percentage to our Group's total cost of services *(%)*
1.	IRCI Industries Pte. Ltd.(1)	5 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of aluminum works	5.4	15.7
2.	PNH Resources Pte. Ltd. (8)	2 years	30 days credit terms and payment by either GIRO or cheque	Term contract renovation works	1.6	4.5
3.	Subcontractor F(9)	2 years	30 days credit terms and payment by either GIRO or cheque	Term contract renovation works	1.3	3.7
4.	Method Engineering Private Limited(3)	9 years	30 days credit terms and payment by either GIRO or cheque	Supply and installation of ACMV works	1.1	3.1
5.	Anmani General Construction Pte. Ltd.(10)	6 years	30 days credit terms and payment by either GIRO or cheque	Construction of sub-station works	1.0	3.0
TOTAL					10.4	30.0

Notes:

(1) IRCI Industries Pte. Ltd. is an exempt private company limited by shares whose principal activities include general contractors work (i.e. building construction including major upgrading works) and general contractors (non-building construction) works.

(2) Subcontractor B is an exempt private company limited by shares whose principal activities include building construction and other specialized construction and related activities.

(3) Method Engineering Private Limited is an exempt private company limited by shares whose principal activities include electrical works and the installation of industrial machinery and equipment and mechanical engineering works.

(4) Subcontractor D is an exempt private company limited by shares whose principal activities are that of a renovation contractor, and the wholesale of industrial, construction related machinery and equipment, not elsewhere classified. Please refer to the section headed "Business — Customers — Major customers who are also our subcontractors and vice versa" in this prospectus for more information on the relationship between Customer B and Subcontractor D.

(5) Subcontractor E is an exempt private company limited by shares whose principal activities include iron, steel and non-ferrous forgings for mixed construction works, and the manufacture and repair of marine engines.

(6) ISO-Integrated M&E Pte. Ltd. is a private company limited by shares whose principal activities include building construction works and electrical works.

(7) DN Hybrid Pte. Ltd. is an exempt private company limited by shares whose principal activities include building construction works and general contractors (building construction including major upgrading) works.

(8) PNH Resources Pte. Ltd. is an exempt private company limited by shares whose principal activities include the collection of waste, cleaning (including highrise façade cleaning) and waste collection, and building construction not elsewhere classified.

(9) Subcontractor F is an exempt private company limited by shares whose principal activities include the provision of general building, engineering, design and consultancy services, and general contractor works (including building construction and major upgrading works).

(10) Anmani General Construction Pte. Ltd. is an exempt private company limited by shares whose principal activities include general contractor works (including building construction and major upgrading works), and general wholesale trade (including general importers and exporters).

We are not reliant on any single subcontractor and have also not experienced any shortage or delay in subcontracting works during the Track Record Period. We have alternative subcontractors for each major category of subcontracting works on our approved subcontractors list. None of our Directors, or any of their respective associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue, had any interest in any of our top five subcontractors during the Track Record Period. During the Track Record Period, we have neither had any material disagreement nor dispute with any of our subcontractors.

KEY CONTRACT TERMS WITH SUBCONTRACTORS

Generally the contracts with our subcontractors contain terms relating to the subcontract price, subcontract period, the scope of works of our subcontractor, the payment terms, retention money, defect liability period provisions, performance bonds, liquidated damages and termination.

Subcontract period

The main contract period will typically be stated in the contract and the master work programme which specifies the detailed steps to be taken for the entire construction process. The duration required for each step as prepared by us as the main contractor will also form part of the contract as a reference for our subcontractor. The subcontract period will be based on the master work programme relative to the scope of works provided by our subcontractor.

Terms of payment

The terms of payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory Overview" in this prospectus. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts with our subcontractors, the progress claims from subcontractors are to be certified by us within 14 days or in accordance with the terms as specified in the subcontract from the submission of the progress claims. Payment should be made between 30 and 45 days of such certification or in accordance with the terms as specified in the subcontract. In addition, we may be required by our subcontractors to make advance payments in relation to project costs to be incurred for building and infrastructure work for public residential improvement projects, which is recovered on a progressive basis with reference to the percentage of completion of the subcontractors' works. During the Track Record Period, we provided down payments amounting to approximately S$60,000, S$3.1 million and S$4.2 million, respectively, to six subcontractors for subcontracting services rendered in

respect of Project Government Centres, Project Park, Project Housing and Project Park Connector. Please refer to the section headed ''Financial Information — Discussion on selected balance sheet items — Deposits, prepayments and other receivables'' in this prospectus for more information.

Retention money

For our contracts relating to projects in both the public and private sectors, a portion of the subcontract value, normally between 5% and 10% is withheld by us as retention money, of which half will be released upon completion of the subcontract works as certified by professional consultants and the remaining released after the defect liability period of the main contract (being usually between 12 and 18 months from substantial completion date of the main contract) or upon issuance of final completion certificate under the main contract. Please refer to the paragraph headed ''Key contract terms with customers — Retention money'' above in this section for further details.

Defect liability period

The subcontract will include a defect liability period, during which our subcontractors are responsible to rectify works defects at no extra cost to us. The defect liability period is usually between 12 and 18 months from the date of certificate of substantial completion of the main contract. Should our subcontractor fail to respond to our request to carry out the necessary rectification works within the time frame stated or could not fully rectify the defects, our subcontractor will be liable for all the costs incurred to hire other parties to carry out such rectification works.

Performance bonds

Depending on the project requirements, our subcontractors may be required to arrange for the issuance of performance bonds by financial institutions such as insurance companies or banks in our favour. This is to remain in effect and is typically discharged automatically upon expiry of the bond, which is normally after the defect liability period. We may claim on the performance bonds to make good any losses, damages, costs and expenses as a result of our subcontractor's failure to fulfil the contract.

Liquidated damages

Our subcontracts typically include a liquidated damages clause, where if our subcontractor fails to complete its subcontracting works within the subcontract period and/or cause unnecessary delay which affects our master work programme as a whole, resulting in liquidated damages being imposed on us as main contractor of the project, our subcontractor shall reimburse us for the full amount of liquidated damages that we may incur.

Variation

As a main contractor, we may instruct our subcontractors to carry out any variation orders for additional/omitted works. All variation claims from subcontractors shall be fully substantiated with proper documentation detailing information such as (a) the additional/omitted work, indicating clearly the quantity, rate and amount; (b) relevant sketches and drawings; (c) measurement; and (d) relevant instructions issued by our project manager.

Termination

As a main contractor, we may issue a notice of termination to our subcontractor if, among others, our subcontractor has (a) suspended the work without justification for one day; (b) allowed the progress of the subcontract works under the master work programme to be delayed for more than a week; (c) failed or refused to comply with any written or verbal instruction from us; or (d) failed to comply with its obligations or any terms and conditions of the subcontract.

MACHINERY AND EQUIPMENT

During the Track Record Period, for certain construction works which required the use of specialised or substantial machinery and equipment, we typically engaged subcontractors and required them to arrange for necessary machinery and equipment to carry out the relevant works, or hired the necessary machinery and equipment ourselves. Our machinery, equipment and motor vehicles for project works mainly consisted of breakers and cutters, compressors, dumpers, excavators, generators, lorry cranes, vans, rollers, and tipper trucks with container bins, with a carrying value of approximately S$2.5 million as at 30 April 2018. The servicing of our machinery and equipment (if necessary) is conducted by external vendor, on an as-needed basis.

The age of our machinery and equipment ranged from one year to five years, depreciated over five to ten years on a straight-line basis and typically replaced at the end of the useful life. The age of our motor vehicles ranged from one year to five years, depreciated over five to ten years on a straight-line basis and typically replaced at the end of ten years. For each of the two financial years ended 31 December 2017 and the four months ended 30 April 2018, we incurred approximately S$40,000, S$59,000, and S$26,000, respectively, for the upkeep of our motor vehicles. The machinery and equipment owned by our Group have been deployed to and are stationed at all of our project worksites during the Track Record Period and as such, we have engaged subcontractors to assist us in undertaking parts of the project works which we are unable to conduct due to the unavailability of our machinery and equipment, and have also leased machinery and equipment from vendors for our projects during the Track Record Period. Accordingly, given that (i) our machinery and equipment were deployed to and are stationed at all of our project worksites during the Track Record Period, (ii) our work process mainly involved project management, and (iii) our equipment and machinery are used as and when required and are not directly related to the progress of our projects, utilisation rates for our machinery and equipment would not be meaningful.

INVENTORY MANAGEMENT

During the Track Record Period and as at the Latest Practicable Date, save for the consumables and parts retained by Advanced Engineering which has been disposed of on 31 December 2017, we did not retain any raw materials as part of our inventory. We make our purchases based on the requirements of each projects. For details on our suppliers, please refer to the paragraph headed ''Suppliers'' in this section of the prospectus.

ENVIRONMENTAL, HEALTH AND WORKPLACE SAFETY POLICY

We have an environmental, health and workplace safety ("**EHS**") policy in place, which was last audited in April 2018 by an Independent Third Party that is accredited and approved by the MOM to conduct audits on workplace safety and health policies. During the audit, it was noted that our EHS policy was effective and well-maintained and that there were no major non-conformities.

To achieve our environmental, health and workplace safety objectives, we have established the following procedures:

EHS planning

Environmental aspects, hazards, risk assessment and control

A procedure is established to identify products and services within the organisation that may be subject to environmental aspects and safety hazards, and to determine those aspects and hazards that can give rise to risks and have significant impact(s) on the workers, the public or the environment.

EHS, legal and other requirements

A procedure is established to identify, access and update legal and other EHS requirements. The relevant requirements are recorded in the register of such requirements, and communicated to relevant employees and interested parties.

EHS objectives and targets

Documented EHS objectives and targets that are consistent with the EHS policy including commitments to continual improvement are prepared based on the significant impacts identified. The legal and other requirements, technological options, financial, operational and business requirements and views of the interested parties have been considered in the establishment process. The EHS objectives and targets would be reviewed regularly and new objectives and targets would be set to ensure the improvement process is continued.

EHS management programme

For all EHS objectives and targets set, the management programme is developed with an indication of the time frame, responsibility (at various functions and levels, where possible) and the action plan for achieving these objectives and targets. Performance indicators have been identified to assess the progress of achieving the set EHS objectives and targets.

EHS implementation and operation

Roles, responsibilities, accountability and authority

Roles, responsibilities and authorities of all functions and their interaction within the our Group are defined and documented in the organisation chart and job descriptions and communicated to all employees.

EHS competence, training and awareness

A procedure is established for identifying training needs based on the competencies and awareness required at each level and function, and for providing ongoing training to the people whose work may create significant EHS impacts. Staff will be assessed to ensure that they have acquired and will maintain the knowledge and competency required. Training programmes have been developed for differing levels, ability and literacy of staff and depending on the risk level involved.

Communication, participation and consultation

A procedure that establishes a communication system among management, supervisory staff, workplace safety and health personnel, workers as well as subcontractors has been developed to facilitate informing and formally addressing issues, the work process including risk assessment and environmental impact and takes appropriate actions to address EHS issues in order to achieve the objectives. Meetings are conducted at regular intervals and the meeting minutes shall be documented and maintained.

EHS documentation

A set of documents has been developed to describe the core elements of the EHS management system and their interaction with the work processes of the organisation.

EHS document control

The document control procedures shall ensure that (a) documents are approved for adequacy prior to issue; (b) documents are reviewed, updated as necessary and re-approved; (c) obsolete documents kept for legal or knowledge preservation shall be segregated from those meant for current use; and (d) all documents shall be legible, identifiable and retrievable.

EHS operational control

Our Group has put in place operational procedures to ensure smooth execution of works to minimise and prevent environmental and safety hazards. The operation procedures are in compliance with the applicable EHS requirements and cover various aspects of work including but not limited to working in confined space, piling works, demolition works, electrical arc welding, work-at-height, fall prevention plan, metal scaffolding, safe lifting operation, earthworks, electrical installation and equipment, safe use of electrical equipment, diesel storage and use, occupational health programme, noise monitoring and control, air pollution control, energy conservation, mosquito breeding control, workplace traffic management and haze management.

EHS emergency preparedness and response

Plans and procedures to identify potential incidents and emergencies and the relevant responses, and for preventing and mitigating workplace injury as well as the likely effects of such incidents that may have a significant impact on the environment have been established. Drills are carried out to test and revise the procedure periodically.

EHS checking and corrective action

EHS performance measurement and monitoring

A procedure for monitoring and measurement of proactive and reactive key performance parameters related to the EHS performance of our Group, including the objectives and targets, has been established to track EHS performance and ensure compliance with relevant EHS legislation and regulations.

EHS non-conformity, corrective action and preventive action

Responsibility, authority and the process for handling and investigating non-conformance, taking action to mitigate any impacts caused, and for initiating and completing corrective and preventive action have been established in the procedure. Environmental impact assessments are carried out prior to implementation of the corrective and preventive action to ensure that further occurrence of the situation or the creation of a new situation is prevented by identifying and dealing with the root causes.

EHS incident investigation

A procedure has been established that defines how near-miss incidents or accidents related to all EHS issues are reported, investigated, analysed and followed-up with, and what remedial measures are to be implemented to eradicate the possibilities of the recurrence.

EHS records

A procedure to identify and maintain relevant EHS records as well as the disposition has been established to ensure that they are legible, identifiable and traceable to the activity, product or service involved.

EHS management system audit

A procedure for internal auditing by competent internal auditors has been established to ensure that the EHS policy established conforms to the ISO 14001:2015 and OHSAS 18001:2007 requirements.

EHS management review

A procedure has been established to ensure that the EHS management system shall be reviewed at least once a year by our senior management team and annually by our internal auditors. Records in the form of minutes of our senior management team's review meeting shall be maintained.

When selecting our subcontractors, we will take into consideration their safety standards, amongst other factors. This includes evaluating our subcontractors on their safety management system, their machinery and equipment, their safety track record and safety training records. Subcontractors are also required to be involved in our site coordination meetings, toolbox meetings, weekly safety talks, and risk assessment and safe work procedure meetings where applicable.

Our EHS policy will assist us to obtain our OHSAS 18001:2007 and ISO 14001:2015 certifications, which is a requirement for bizSAFE Level Star and our registrations under the CRS. Some of our customers will look out for OHSAS 18001:2007 and ISO 14001:2015 certifications and/or bizSAFE Level Star when inviting contractors to tender, hence such certificates also provide us with a broader range of projects.

Despite the above EHS policy, execution of the procedures is dependent on individual adherence and there is a risk that individuals may fail to comply with our workplace policies and measures all the time and therefore fail to prevent non-compliance incidents. Please refer to the section headed "Risk Factors — Risks relating to our business" in this prospectus for further information.

Workplace accidents during the Track Record Period and up to the Latest Practicable Date

We maintain an internal record of workplace accidents. During the Track Record Period, none of our employees were involved in any workplace accidents. Subsequent to the Track Record Period and up to the Latest Practicable Date, we recorded one workplace accident involving our employee who was struck by a moving object:

	Comparable figures for the construction industry in Singapore		For the financial year ended 31 December		For the four months ended 30 April	From 1 May 2018 and up to the Latest Practicable Date[5]
	2016	2017	2016	2017	2018	
Number of workplace accident(s) involving our employees[1]	—	—	0	0	1	0
Number of workplace accidents involving employees of our subcontractors[2]	—	—	3	6	0	0
Accident frequency rate[3]	1.7	1.6	2.9	2.9	0.7	0
Lost time injuries frequency rate[5]	159	104	39.6	54.4	8.3	0

Notes:

(1) Number of workplace accident(s) relates to accidents that happened to the employees of our Group.

(2) Number of workplace accidents relates to accidents that happened to the employees of the subcontractors of our Group. The duty of reporting accidents to the relevant authorities vests in the respective employer of the injured workers.

(3) Accident frequency rate represent(s) the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents reported during the financial year/period divided by the number of man-hours worked, then multiplied by 1,000,000. This includes workplace accidents involving our employees as well as our subcontractors' employees. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year/period multiplied by 3,650 hours per year per worker for the two financial years ended 31 December 2017. The

number of man-hours worked for the four months ended 30 April 2018 is estimated based on the number of our relevant workers directly involved in the provision of our services from 1 January 2018 to 30 April 2018 multiplied by 10 hours a day per worker.

(4) The relatively higher accident frequency rate of 3.0 for the financial year ended 31 December 2016 was due to lesser man hours worked for the relevant period.

(5) Lost time injuries frequency rate also known as accident severity rate, represents the number of time lost from work of one day or more per one million man-hours worked. It is calculated as the number of man days lost to workplace accidents during the financial year/period divided by the number of man-hours worked, then multiplied by 1,000,000. This includes workplace accidents involving our employees as well as our subcontractors' employees. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year/period, multiplied by 3,650 hours per year per worker for the two financial years ended 31 December 2017. The number of man-hours worked for the four months ended 30 April 2018 is estimated based on the number of our relevant workers directly involved in the provision of our services from 1 January 2018 to 30 April 2018 multiplied by 10 hours a day per worker.

(6) Comparable figures for accident frequency rate and lost time injuries frequency rate for the construction industry for 2018 are not yet available. Accordingly, the figures for accidents that occurred from 1 January 2018 and up to the Latest Practicable Date should be compared against the latest available accident frequency rate and lost time injuries frequency rate for the construction sector in Singapore which would be for the year 2017.

Employees' compensation claims

As a main contractor, we are required to procure contractors' all risks insurance and work injury compensation insurance for the benefit of our customers, our Group as main contractor and our subcontractors specifically for the project. The employees' compensation claims as disclosed below are the total claims of our subcontractors' employees and our own employee.

During the Track Record Period and up to the Latest Practicable Date, there were 21 accidents that occurred, out of which two workers were employed by our Group (one accident of which has been reflected in the table under the paragraph headed "Workplace accidents during the Track Record Period and up to the Latest Practicable Date" above in this section) while the remaining workers were employed by our subcontractors. The following table sets out the nature of the accidents involving the workers employed by our Group and our subcontractors during the Track Record Period and up to the Latest Practicable Date:

Nature of accident	Number of claims
Cuts, lacerations and/or bruises	9
Sprains/strains	1
Struck by moving objects	5
Blunt injury	3
Fractures	3
TOTAL	21

Out of the 21 incidents, (i) 12 employees' compensation claims pertaining to our subcontractors' employees were settled under their own subcontractors insurance; (ii) one employees' compensation claim pertaining to our subcontractors' employee was settled at approximately S$8,750 and fully covered

by our Group's insurance; and (iii) two employees' compensation claims pertaining to our own employees were settled at an aggregate of approximately S$6,300. As at the Latest Practicable Date, there are six outstanding employees' compensation claims against our Group pertaining to (i) one of our employees, for which approximately S$1,300 remains outstanding; and (ii) five of our subcontractor's employees, for which the settlement amounts have yet to be finalised. Our Group is required under the Work Injury Compensation Act to take out and had taken out a compulsory insurance policy in Singapore to provide for liability under the aforementioned claims. Our Directors confirm that all such outstanding claims were fully covered by our Group's insurance policies and would not result in any material impact on the financial position or results and operations of our Group.

During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any difficulties in making claims to our insurers or encountered any dispute on liability from our insurers and had not incurred any residual liabilities not covered by insurance arising from any employees' compensation claims.

Workplace safety and health non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material and systemic non-compliances in relation to workplace safety and health. Nonetheless, we were involved in an accidental fire incident at the work site of our Project International School on 16 May 2017. The fire incident at our Project International School work site was due to our subcontractors' employees performing hot work activities, which led to sparks from the said works entering plastic drain cells at the ground level of the building, that started the fire. The fire incident resulted in two of our subcontractors' employees suffering from smoke inhalation; as well as the issue of a partial stop work order on 17 May 2017 that was subsequently lifted on 5 June 2017 and the imposition of five demerit points on us by the MOM. Our demerit points are valid for a period of 18 months from the date of issue i.e. until 16 November 2018, and an accumulation of a minimum of 25 demerit points within an 18 month period would result in our debarment from the construction industry for a period of three months, and the rejection of any work pass application submitted by us for new foreign workers for a period of three months.

The 21 accidents disclosed under the section headed "Business — Environmental, health and workplace safety policy — Employees' compensation claims" do not include the two aforementioned smoke inhalation cases involving our subcontractors' employees as they did not receive more than three days of medical leave and were not hospitalised for more than 24 hours. Please refer to the section headed "Regulatory Overview — Workplace safety and health laws and regulations" in this prospectus for more information on the employers' reporting requirements for their employees' workplace accidents in Singapore.

To prevent the recurrence of incidents similar to the fire incident, our Group has adopted the following enhanced workplace safety and healthy measures recommended by an Independent Third Party safety auditor pursuant to a construction safety audit conducted on our EHS policies in May 2017:

(a) retraining on the proper conduct of hot work activities for all workers;

(b) implementation of a permit-to-work system for all hot work activities that are subject to the project managers supervision;

(c) the assignment of a qualified fire watchman, whose primary function is to, *inter alia*, observe the hot work and monitor the conditions to ensure that a fire or explosion does not occur as a result of the hot work activities being performed, and to stop any unsafe operation or activity;

(d) the use of fire blankets or fire-retardant materials to secure and cover fully hot work areas;

(e) regular and frequent cleaning of the hot work area from oily deposits and trash;

(f) ensuring that fire protection and extinguishing equipment are properly located and readily available at vantage points;

(g) the appointment of a hot work activities supervisor who will be responsible for, amongst others, supervising the conduct of hot work activities;

(h) daily toolbox meetings held with all project managers, supervisors and workers prior to hot work activities being performed;

(i) attending firefighting course and all refresher drills for our project managers; and

(j) further setting out emergency escape routes.

As at the Latest Practicable Date, we had made payments of claim arising from loss and damage to property in respect of the said incident which amounts to an aggregate of approximately S$5.2 million. We have, as at the Latest Practicable Date, received payments of approximately S$4.9 million under our insurance policy and are in the process of finalising the final settlement sum with our insurer. Our executive Directors are of the view that our aforementioned claims will be fully covered by our insurance policy.

Safety Adviser's views

We engaged the Safety Adviser (being Greensafe International Pte. Ltd.), an independent safety auditing agency approved by Occupational Safety Department of the MOM in the Safety Management System Audit Scheme, to perform review procedures on our workplace safety system in place to assist the Sole Sponsor in assessing the adequacy and effectiveness of our workplace safety management system.

Having reviewed (i) the records pertaining to the aforementioned workplace injuries and safety non-compliance incidents; (ii) the additional measures put in place by our Group to prevent recurrence of the non-compliance incidents; and (iii) the current workplace safety management system of our Group, and having carried out on-site inspections at selected work sites in which we are carrying out works, the Safety Adviser is of the opinion that:

(a) the aforementioned workplace injuries and safety non-compliance were not caused by any material deficiencies in the design of our safety management system;

(b) the additional measures put in place by our Group to prevent recurrence of the non-compliance were adequate and effective; and

(c) the current workplace safety management system of our Group is adequate and effective.

Environmental non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were involved in the following non-compliances:

Nature of non-compliances	1.	Three breaches of the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations arising due to a failure to ensure that the noise at the construction site did not exceed the permissible noise levels on 8 June 2016, 22 November 2017, and 5 April 2018 respectively.
	2.	11 breaches of the Control of Vectors and Pesticides Act (Chapter 59) in respect of failures to ensure that no conditions are created at construction sites that would be favourable to the breeding of vectors including mosquitoes on 22 July 2016, 18 October 2016, 7 November 2016, 15 November 2016, 30 December 2016, 19 May 2017, 7 June 2017, 17 August 2017, 3 January 2018, 5 February 2018, and 27 August 2018, respectively.
	3.	Two breaches of the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations in respect of failures to ensure that no work was conducted at a construction site on a Sunday on 28 August 2016, and 14 May 2017, respectively.
	4.	Two breaches of the Sewerage and Drainage Act (Chapter 294) of Singapore in respect of failures to obtain a clearance certificate from the PUB prior to the alteration of a storm water drainage system on 6 November 2017 and to comply with the earth control measures requirements of the Code of Practice on Surface Water Drainage on 12 March 2018, respectively.
	5.	Two breaches of the Sewerage and Drainage (Surface Water Drainage) Regulations in respect of failures to ensure that there was no discharge of silty water into the storm water drainage system in concentrations greater than 50mg/l on 17 April 2017 and 6 November 2017, respectively.
Consequences	1.	Imposition of composition fines amounting to an aggregate of S$30,000.
	2.	Imposition of composition fines amounting to an aggregate of S$34,000; the imposition of stop work orders on 13 June 2017 and 6 February 2018, which were subsequently lifted on 23 June 2017 and 8 February 2018, respectively; and issuance of an order from the NEA to implement rectification measures within seven days from the date of service of such order.
	3.	Imposition of composition fines amounting to an aggregate of S$10,000.
	4.	Imposition of composition fines amounting to an aggregate of S$4,500.

5. Imposition of composition fines amounting to an aggregate of S$8,800.

Rectification measures

1. Payment of the fines in full and implementation of onsite measures to ensure no noisy work was conducted at the construction sites after 7 p.m.

2. Payment of the fines in full and implementation of the prescribed rectification measures as well as the regular housekeeping measures for vector control, including treatment of water at the construction sites with anti-mosquito chemicals, and the destruction and/or removal of potential mosquito breeding areas in the construction sites.

3. Payment of the fines in full and implementation of measures to ensure no construction work was carried out at the construction sites on a Sunday.

4. Payment of the fines in full and implementation of corrective measures to ensure that there were no further unauthorised alterations to storm drainage systems near the worksites in question.

5. Payment of the fines in full and implementation of supervisory measure to ensure that workers were not discharging silty water from the construction site into the nearby lake.

Reasons for non-compliances

1. For the three incidents involving noise control at the construction site, the non-compliances arose due to the oversight of our site supervisors/ foremen.

2. The 11 incidents relating to mosquito breeding occurred at our Project International School, Project Park and Project Residential work sites. Our Group engaged specialists from the pest control company to carry out vector control measures, including the regular spraying of insecticides, regular implementation of rodent control, and fogging of the work sites to prevent mosquito breeding. However, the above non-compliances on mosquito breeding and vector control occurred as there may be certain areas in the work site which are inaccessible due to the size and nature of the work site, or which were overlooked by the specialists of the pest control company.

3. For the two incidents relating to the conduct of work at the construction site on a Sunday, the non-compliances were committed by our subcontractors without our knowledge.

4. For the two incidents relating to the unauthorised alterations to storm drainage systems, the non-compliances arose due to oversight of our site supervisors/foremen.

5. For the two incidents involving the discharge of silty water into a nearby lake, the non-compliance was committed by our subcontractor without our knowledge.

In addition, we were issued notices from the NEA on 27 August 2018 to comply with orders made pursuant to the Environmental Public Health Act, which included the implementation of separate refuse management systems for organic and construction wastes at our Project Residential work site, and to remove industrial waste from our Project Residential work site to a public disposal facility for disposal. We have complied with the orders made by the NEA and as at the Latest Practicable Date, we have not received any further notices or penalties in respect of the same.

Our Directors were not directly involved in the above non-compliances as these are the responsibilities of the project managers of each project, who directly supervised all environmental matters in the work sites.

We are mindful of the importance of the safety and well-being of our workers at our work sites. With a view to reducing future occurrences of such non-compliances, we have stepped up the implementation of the measures under our EHS system, which is in addition to the rectification work that was carried out. To prevent the recurrence of environmental non-compliances, our Group implemented the following additional internal control measures:

1. Our Group has updated our EHS checklists for work site environmental control (including noise, mosquito and vector control) to require the project manager to perform corrective actions (if needed) immediately.

2. An environmental control officer will be appointed at all construction sites and will be responsible for the inspection of the relevant site at least once a week using the EHS checklists.

3. A project manager will be assigned to arrange manpower to implement the corrective actions, and photographic evidence of the implementation of corrective actions at the work site will be submitted to the environmental control officer for their records and to conclude the matter.

4. A project director with relevant qualifications will be appointed to oversee our Group's ongoing compliance with the relevant environmental laws and regulations, and he will be assisted by two project managers. The project director will, amongst others, receive weekly reports of non-compliances from site environmental control officers (including the nature, reasons, responsible parties, damages and other consequential impacts, disciplinary actions, remedial actions and further rectification measures for such non-compliances) for incorporation in the EHS checklists and operation manuals. Site environmental control officers will immediately report all material and systemic non-compliances to the project director. A register of non-compliances will be kept by the project director.

5. If the relevant corrective action is found to be inadequate, the project manager shall increase the frequency of control measures at the work site (including the frequency of site inspection).

6. The environmental control officer and site supervisor at each site will conduct regular safety talks and toolbox meetings and use updated vector and sanitation programmes and risk assessment procedures as part of their ongoing training for our workers and subcontractors. In

addition, our project director and/or our environmental control officer will regularly attend courses conducted by the NEA (or other professional parties with the relevant qualifications) in relation to environmental matters.

7. The operation manual (which will include the environmental control procedures) will be circulated to our staff and subcontractors before the commencement of project work.

8. Our human resource department and the head of our operations department will review our staff's environmental awareness during the annual staff appraisal.

9. For projects involving subcontractors, monthly meetings will be held between our Group and our subcontractors during the construction period. During the meetings, our Group will, amongst others, reiterate the importance of strictly adhering to the environmental control procedures, and tailor-make operation manuals with updated EHS checklists and risk assessments procedures for our subcontractors. Attendance sheets and minutes will be kept for each meeting.

10. If non-compliances occur in projects involving subcontractors, our subcontractors will be held fully liable for any fines and damages suffered by our Group. In addition, a warning letter will be issued to the responsible subcontractor and a demerit will be marked in its performance records during its performance review. If the frequency of non-compliances remains high and/or the non-compliances are very serious, our Group may exclude or remove such subcontractor from our approved subcontractor list.

11. A reminder will be issued from time to time (and at least once a month) to all subcontractors and staff to reiterate the importance of strictly adhering to the established environmental control procedures.

12. A report of material and systemic non-compliances will be submitted by the project director to the Audit Committee periodically (and at least once a quarter) for monitoring.

Independent Internal Control Adviser's views

We engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**" or the "**Internal Control Adviser**") in November 2017 to review our key procedures, systems and controls, and to assist the Sole Sponsor in assessing the adequacy of internal controls of our Group for, among others, compliance with relevant legal and regulatory requirements. Baker Tilly is in the business of, among others, providing risk management, internal control and corporate governance advisory services to listed companies and listing candidates in Hong Kong. It reviewed our environmental protection procedures, systems and controls in place and conducted an inspection on the implementation of our Group's EHS policy in work sites where we are the main contractor wherein the scope of this inspection included mosquito prevention and noise control.

After its review, our Internal Control Adviser is of the view that our Group's existing procedures, systems and controls are adequate and effective for ensuring compliance with the relevant rules and regulations in Singapore and our Group has enhanced internal control measures to prevent the recurrence of such non-compliances which are sufficient and effective.

Directors' and the Sole Sponsor's views

Based on the additional and nominal rectification measures undertaken by our Group, our Directors and the Sole Sponsor consider that none of the aforementioned non-compliances will have any material impact on our financial condition or operations. Having considered that (i) the non-compliances mostly occurred prior to the implementation of our Group's enhanced internal control system; (ii) the facts and circumstances leading to the non-compliances; (iii) the due implementation of our Group's enhanced internal control measures; and (iv) the results of the Internal Control Adviser's review and its opinion as mentioned above, our Directors and the Sole Sponsor are of the view that we have adequate and effective internal control procedures in place in accordance with the requirements under the GEM Listing Rules, and the past non-compliances will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules.

INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- contractors' all risks policies to cover against (i) loss or damage to materials and incidental expenses relating to the loss or damage such as removal of debris, extra charges for overtime, express freight and professional fees necessary to reinstate the contract work; and (ii) third party liability to cover accidental bodily injury to or illness of third parties (whether fatal or not), and accidental loss of or damage to property belonging to third parties occurring in direct connection with the respective construction projects. These policies cover the contract period and the defects liability period of the respective construction projects and insures us as main contractor, our subcontractors as well as our customers;

- work injury compensation policies for all our workers and workers of our subcontractors engaged in our respective construction projects. These policies cover the contract period and the defects liability period of the respective construction projects and insures us as main contractor, our subcontractors as well as our customers;

- foreign worker medical insurance, and personal accident insurance, as required by MOM, renewed annually;

- medical insurance and personal accident insurance for all Singaporeans and permanent resident employees, and foreign workers holding a valid employment pass;

- equipment all-risk policies to cover certain plant and machinery; and

- fire industrial insurance to insure the two units leased by us at 20 Ang Mo Kio Industrial Park 2A, and our property located at 52 Tuas View Square including fixtures, fittings, M&E installations and improvements but excluding the foundation of the buildings.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm. For the two financial years ended 31 December 2017 and the four months ended 30 April 2018, our total insurance premiums were approximately S$0.7 million, S$0.4 million, and S$0.2 million, respectively.

Certain risks disclosed in the "Risk Factors" section in this prospectus, such as risks in relation to our ability to maintain and renew our licences and registrations, our ability to obtain new contracts, our ability to retain and attract personnel, customer concentration, performance of subcontractors, project and cost management, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to the paragraph headed "Risk management and internal control systems" below in this section for further details on how our Group manages certain uninsured risks.

PROPERTY INTERESTS

Owned properties

As at 31 December 2017, we owned a unit in the property located at 32 Toh Guan Road East, Singapore 608578, which was subsequently disposed of to an Independent Third Party on 13 March 2018. As at the Latest Practicable Date, we own a four-storey detached factory located at 52 Tuas View Square, Singapore 637727 with a total net site area of approximately 2,500.1 sqm ("**52 Tuas View Square**") under a 60-year lease commencing from 30 October 1996, which is approved for use as a factory and ancillary dormitory. As at the Latest Practicable Date, our Directors confirm that we have obtained the necessary approvals from the relevant government departments and authorities to carry out the current activities at 52 Tuas View Square. For further details on 52 Tuas View Square, please refer to Appendix III to this prospectus.

Leased properties

As at the Latest Practicable Date, we have leased two units of office space at 20 Ang Mo Kio Industrial Park 2A for our head office from a Singapore statutory board responsible for the management and development of industrial estates, as lessor, details of which are as follows:

Address	Leased area	Monthly rent	Tenure
20 Ang Mo Kio Industrial Park 2A #07–33, Singapore 567761	176.9 sqm	S$3,078	16 May 2018 to 15 May 2021
20 Ang Mo Kio Industrial Park 2A #07–31, Singapore 567761	176.9 sqm	S$3,114	1 June 2018 to 31 May 2021

As at the Latest Practicable Date, we rented external licensed dormitories from Independent Third Parties for use as our foreign workers' dormitory. We are charged based on the number of units rented on a monthly basis as below:

Address	Purpose of use	Number of units	Monthly rent	Tenure
6 Tuas South Street 15 #05–94, 96, 97, 98 CDPL (Tuas) Dormitory Singapore 636906	Dormitory	4	S$2,764 (inclusive of hire charges, service and conservancy charges and GST) per unit	16 July 2018 to 15 November 2018 for all units

Our Group will continuously monitor the number of dormitory units required to house our foreign workers and will renew the existing rental agreements prior to expiry or rent new dormitory units should the need arise.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered one domain name, **www.honindustries.com.sg** as well as our trademark no. T0409294Z in Singapore, and our trademark no. 304358395 in Hong Kong which was registered on 6 December 2017.

Details of our intellectual property rights are set out in the paragraph headed "Further information about the business of our Group — 8. Intellectual property rights of our Group" in Appendix V to this prospectus. As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us and we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at 30 April 2018, our Group had 316 full-time staff of which 46 were locals and permanent residents, and 270 were foreigners. All our employees are located in Singapore.

The following sets forth the number of our employees in the respective functions of our Group (including our executive Directors but not our independent non-executive Directors) as at 30 April 2018:

	As at 30 April 2018
Sales and marketing department	7
Contract and procurement department	15
Project department	54
Accounting, human resource, and administrative department	26
Work site foreign workers	214
TOTAL	316

Out of the 316 employees as at 30 April 2018, 36 have qualifications in engineering/construction degrees, 7 have qualifications in non-engineering/construction degrees, 9 have qualifications in engineering/construction diplomas and 7 have qualifications in non-engineering/construction diplomas.

Recruitment policies and foreign workers

Our human resources department assesses our available human resources on a continual basis and, together with our executive Directors, determines whether additional employees are required to cope with our business. Our human resources department also reviews the policies and procedures on hiring of staff, training and performance appraisals.

Our foreign workers are sourced and recruited through Independent Third Party agencies and are primarily from India, the PRC, Thailand and Bangladesh. The supply of foreign workers in Singapore is subject to various regulations and policies. Please see the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus for more information on the relevant regulations and policies relating to the employment of foreign manpower to which our Group is subject.

In particular, the availability of foreign workers for the building and construction industry is regulated by MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local and foreign workers; and (ii) the quotas based on the MYE in respect of workers from NTS countries and the PRC.

Dependency ceilings

The dependency ceiling refers to the maximum permitted number of foreign workers to the total workforce that a company in a stipulated sector is allowed to hire.

The dependency ceilings for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. However, the quota may not apply to higher-skilled foreign employees. As at 30 April 2018, our Group had a total of 316 full-time employees (including our executive Directors), of which 46 were local employees and 270 were foreigners. Based on the prevailing dependency ceiling regulations, we can hire 66 additional foreign workers as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group

complied with the dependency ceiling based on (i) our ability to apply or renew work permits for our foreign workers (should the dependency ceiling be reached, we would not have been able to apply or renew work permits as application are performed online through a system administered by the MOM which would not allow such application or renewal as the system also tracks dependency ceiling); and (ii) we can hire 66 additional foreign workers as at the Latest Practicable Date.

Our Directors confirmed that as at the Latest Practicable Date, our Group has secured sufficient manpower for our projects on hand, and the additional 66 foreign workers we can hire based on the prevailing dependency ceiling regulation would be more than sufficient as we generally delegate most of our construction works to our subcontractors and focus on project management for our projects.

MYE

MYE is a work permit allocation system for employment of construction workers from NTS countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded to it. A main contractor's MYE will expire on the completion date of the relevant project.

As at the Latest Practicable Date, the maximum number of foreign workers our Group can hire is subject to the ratio of one full-time local worker to seven foreign work permit workers set under the dependency ceilings, regardless of the MYE our Group has obtained. Our Group's compliance on the dependency ceiling is explained in the paragraph above. Companies without MYE may still employ construction work permit holders from NTS countries and the PRC upon a waiver granted by MOM, subject to the compliance with, amongst others, the dependency ceiling and paying a higher FWL.

Please see the section headed ''Regulatory Overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower'' in this prospectus for further details on the availability of foreign workers for the construction sector in Singapore.

Employees' remuneration and benefits

Our employees (including our foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Our employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. The duration for which our foreign workers are typically employed depends on the period specified in their work permits, and is subject to renewal based on their performance. Our Group provides housing and medical insurance coverage for our foreign workers as required by the MOM.

Central Provident Fund

Our Group participates in the mandatory provident fund for our employees in accordance with the Central Provident Fund Act, and has paid the relevant contributions accordingly.

Employee training

Our employees received training depending on their department and the scope of works. Generally, they are required to attend trainings, from time to time, relating to our quality, environmental, health and safety policies, and courses required by the BCA and MOM.

We also arrange for our employees to attend external courses conducted by organisations such as the BCA. Such courses include construction and workplace safety courses, quality assurance courses and risk management courses.

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any material difficulties in the recruitment and retention of experienced staff.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed ''Risk Factors'' in this prospectus. The following sets the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

Continuity of projects secured

We recognise that securing new projects is critical for our financial performance and business sustainability and we strive to maintain good working relationships with our customers in both the public and private sectors. We monitor GeBIZ and BCI Asia on a daily basis to explore new open tender opportunities, and we are often given referrals by architects or external consultants with whom we have a good working relationship with to tender for private sector projects. Our executive Directors' contact with our private sector customers also allows us to be invited for new private tender opportunities. With the proceeds from the Share Offer, we intend to take on more customers and projects as discussed in the paragraph headed ''Business strategies'' above in this section.

Project risk management

We have established procedures for assessing and monitoring project risk. For details, please refer to the paragraph headed ''Project management and operations — Project implementation phase'' above in this section.

Risk of cost overruns

We will typically obtain quotations from our suppliers and subcontractors at the time of submitting tender proposals. While our suppliers and subcontractors are required to deliver their materials and works at the agreed price, there remains a risk of cost overruns if: (i) the project is delayed; (ii) rectification works are required; or (iii) there is an increase to our labour cost or cost increases by our suppliers/subcontractors for which they are entitled to charge, for instance where there is a variation order issued. We manage the risk of such cost overruns by (i) offering a tender quotation that caters for an unanticipated increase in costs; (ii) strong project management to ensure that there is no undue delay; and (iii) working with subcontractors and suppliers who are able to deliver quality materials and works on a timely and reliable basis. We will also obtain quotations from our suppliers and subcontractors on a unit price basis instead of on a quantum basis so as to minimize the risk of cost overruns for a project.

Risk of loss of key personnel

Our executive Directors and senior management team will ensure that suitable and sufficient numbers of staff are properly appointed and assigned to manage each project. This will ensure that the project team has sufficient experience and technical knowledge and the unforeseen loss of any team member will have a limited impact on continuity of the projects.

Quality control system

Please refer to the paragraph headed ''Quality control'' above in this section.

Environmental, health and workplace safety management system

Please refer to the paragraph headed ''Environmental, health and workplace safety policy'' above in this section.

Credit management

During the tender or quotation phase, we will consider the credit worthiness of the customer and the key contract terms, including progress payment terms and retention money (if a private customer). We will also take into consideration the past payment history of the customer. We generally grant a 30 to 35 days credit term to our customers upon issuance of invoice. For the two financial years ended 31 December 2017, no provision for the impairment of trade receivables were made, and approximately S$141,000 was recognised as impairment charged to profit and loss for the four months ended 30 April 2018. Please refer to the section headed ''Financial Information — Discussion on selected balance sheet items — Trade receivables'' in this prospectus and to the paragraph headed ''Notes to the Historical Financial Information — 20. Trade Receivables'' in Appendix I to this prospectus for more information.

In the case of our suppliers, where payment on delivery is not stipulated, the credit terms granted by our suppliers and subcontractors is on average and generally between 30 and 90 days, and 30 and 45 days, respectively, and payment to them is typically by either cheque or GIRO. For our subcontractors, we will review and approve their progress claims, and upon receipt of their invoice, make the requisite payment after netting off retention money (where applicable). We typically make prompt payment to our suppliers and subcontractors.

Liquidity risk management

Under a typical contract undertaken by us, we generally do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs which are typically incurred at an early stage of a contract before we receive payments from our customers and those costs are required to be paid from our available financial resources, such as the costs of labour, supplies and/or subcontracting works. In addition, we may be required by our subcontractors to make advance payments in relation to project costs to be incurred for building and infrastructure work for public residential improvement projects, which is recovered on a progressive basis with reference to the percentage of completion of the subcontractors' works. During the Track Record Period, we provided down payments amounting to approximately S$60,000, S$3.1 million and S$4.2 million, respectively, to six subcontractors for subcontracting services rendered in respect of Project Government Centres, Project Park, Project Housing and Project Park Connector. Please refer to the section headed ''Financial

Information — Discussion on selected balance sheet items — Deposits, prepayments and other receivables" in this prospectus for more information. In addition, throughout the execution of a contract, we receive payments after the performance of our works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting works) that are also required to be paid from our available financial resources. Further, contracts undertaken by us may have security deposits/ performance bonds and/or retention money requirements as the case may be, which may also affect our liquidity position.

We will monitor our working capital to ensure that our financial obligations can be met when due, by amongst others (i) ensuring we have a healthy bank balance and sufficient cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and its monthly aging, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its monthly aging to ensure that payments to our suppliers and subcontractors are made on a timely basis; and (iv) monitoring our bank and finance lease payments. Further, we will review if our cash outflows are expected to be higher than our cash inflows for the following month, pay attention to whether the mix of projects will potentially result in higher cash outflows than inflows for the following month, and if so, whether our bank balances and cash are adequate. Our specific measures of liquidity management in this aspect include (i) notifying our executive Directors should the monthly cash outflows be expected to be significantly higher than the cash inflows; and (ii) maintaining a cash balance and unutilised banking facilities not less than S$1.5 million.

Our Senior Financial Controller, Ms. Kwan, will oversee the financial reporting functions of our Group, including but not limited to, the abovementioned monitoring of our cash, financial obligations and working capital needs, aging analysis, and monthly closing and reconciliation duties.

Regulatory risk management

Our Group keeps abreast of any changes in government policies, regulations, licensing requirements, and permits and safety requirements, and we are aware that any non-compliance of the above may have an adverse impact on our operations and business. We will ensure that changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our senior management team members and relevant management personnel for proper implementation and compliance.

Risk of labour shortage

Please refer to the paragraph headed "Employees — Recruitment policies and foreign workers" above in this section.

Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules with the exception of Code A.2.1. For details, please refer to the section headed "Directors, Senior Management and Employees — Compliance with the Corporate Governance Code" in this prospectus. We have established three board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the section headed "Directors, and Senior Management and Employees — Board committees" in this prospectus. In

particular, one of the primary duties of our Audit Committee is to review the effectiveness of our Company's internal audit activities, internal controls and risk management systems. Our Audit Committee consists of all three of our independent non-executive Directors, whose backgrounds and profiles are set out in the section headed "Directors, Senior Management and Employees" in this prospectus.

In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed "Relationship with our Controlling Shareholders — Corporate governance measures" in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after Listing.

LITIGATION

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in a legal proceeding ("**Proceedings**") which is still ongoing and for which settlement has not been reached, where, on 7 June 2018, legal proceedings were commenced against our Group by one of our subcontractors ("**Subcon**") in respect of a dispute pertaining to the scope of work carried out by the Subcon at our Project Park worksite and the corresponding invoices issued by the Subcon in the aggregate amount of approximately S$380,000 for such works rendered. We had filed a defence and a counterclaim in respect of the Proceedings. Our legal counsel in respect of the Proceedings is of the view that we have a legitimate and sound defence and counterclaim in respect of the Proceedings and our maximum exposure to the Proceedings would be up to S$0.3 million, being the total liquidated damages claimed by the Subcon, plus costs to be awarded in favour of the Subcon, which is estimated to be up to S$34,000. Such Subcon is not one of our top five subcontractors for the Track Record Period. As at 30 April 2018, we have accrued the full amount of the claim in the financial statements of our Group in respect of the Proceedings. Our Directors confirm that, save as disclosed, during the Track Record Period and up to the Latest Practicable Date, our Group was not involved in any other actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

DIRECTORS

Our Board consists of three executive Directors and three independent non-executive Directors. It is responsible for and has general powers for the management and conduct of our business.

The day-to-day operations of our Group are supervised and carried out by our executive Directors with the assistance of our senior management.

The following table sets out some information in respect of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Executive Directors						
Mr. Ho Lien Hwai	52	Chairman, Executive Director and Chief Executive Officer	11 November 2002	8 February 2018	Overall management and strategic planning of the growth and operation of our Group	None
Ms. Ng Mei Yun	39	Executive Director	1 June 2005	8 February 2018	Overseeing the procurement and contract department of our Group	None
Mr. Lim Shi Min	48	Executive Director	1 October 2003	8 February 2018	Overall management of the day-to-day operations of our Group, project management and resources allocation	None

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Independent Non-executive Directors						
Mr. Ng Chye Kim	66	Independent non-executive Director	4 October 2018	4 October 2018	Providing independent judgment to the Board	None
Mr. Lau Wang Lap	39	Independent non-executive Director	4 October 2018	4 October 2018	Providing independent judgment to the Board	None
Mr. Chan Shun Yin	32	Independent non-executive Director	4 October 2018	4 October 2018	Providing independent judgment to the Board	None

Executive Directors

Mr. Ho Lien Hwai (何廉懷) ("**Mr. Ho**"), aged 52, is the Chairman, an executive Director, the Chief Executive Officer and one of the Controlling Shareholders of our Company. He was appointed as managing director of our Group in January 2003 and a Director on 8 February 2018, and re-designated as an executive Director on 16 March 2018. Mr. Ho is one of the founders of our Group and has been serving as a director of Hon Industries and Energy Turbo since November 2002 and February 2018 respectively. He is a member of the Remuneration Committee of our Company. Mr. Ho is responsible for the overall management and strategic planning of the growth and operation of our Group.

Mr. Ho graduated from The National University of Singapore with a Degree of Bachelor of Engineering (Civil) in July 1991.

Mr. Ho has over 27 years of experience in the construction industry. Prior to founding our Group, Mr. Ho had worked as engineer and director of various private companies in Singapore which are principally engaged in the business of construction of buildings and civil engineering. Mr. Ho's work experience prior to founding our Group included acting as resident engineer in the development of a condominium in Singapore. From July 1991 to August 1993, Mr. Ho worked at Goh Sin Guan Huat Pte. Ltd., a company engaged in building construction works as a project engineer, where he was mainly responsible for supervision of project operations. From October 1993 to January 1994, he was employed by Chua Tua Chai Building Construction Pte. Ltd., a company engaged in building construction works as a project manager, where he was responsible for management of project operations including cost control. Subsequently, from July 1996 to November 2002, Mr. Ho worked at Hon Construction Pte. Ltd., a company engaged in building construction works and his last position was a project director, where he was responsible for developing and managing project schedules and budgets.

In November 2002, Mr. Ho, together with Mr. Koh Tong Ser and Ms. Sng Meow Kee incorporated Hon Construction (2002) Pte. Ltd., which was subsequently renamed to our main operating subsidiary, Hon Industries. After founding our Group, Mr. Ho gained further experience in the construction industry having managed various construction projects and being involved in the full spectrum of work entailed in construction project management, from marketing, tendering and budgeting to execution and on-site management of projects. Mr. Ho has successfully completed a number of building construction and management courses as shown in the table below:

Name of course	Issuing authority	Date of award
Building Construction Safety Supervisors Course	Ministry of Labour Singapore	30 November 1992
Construction Safety Course for Project Managers	Ministry of Manpower	29 April 1998
Basic Understanding and Application of ISO-9000 Quality Systems	JQ Management Pte. Ltd.	9 February 1999
Internal Quality Audit Training	JQ Management Pte. Ltd.	27 July 1999
Basic Understanding & Application of ISO 9001:2000 Quality Management Systems	JQ Management Pte. Ltd.	7 November 2003
Practical Workshop on Internal Quality Auditing ISO 9001:2000	JQ Management Pte. Ltd.	2 December 2003
Basic Understanding & Application of OHSAS 18001:1999	JQ Management Pte. Ltd.	6 September 2005
Basic Understanding & Interpretation of ISO 14001:2004 Environmental Management Systems	JQ Management Pte. Ltd.	15 May 2007
Practical Workshop on Internal Environmental Auditing ISO 14001:2004	JQ Management Pte. Ltd.	18 June 2007
OHSAS 18001:2007 Transition Auditor Training Course	JQ Management Pte. Ltd.	15 October 2008
ISO 9001:2008 QMS Internal Auditor Training Course	JQ Management Pte. Ltd.	22 September 2009

Name of course	Issuing authority	Date of award
Foreign Domestic Worker Employers' Orientation Programme (FDW-EOP)	Singapore Polytechnic Professional and Adult Continuing Education Academy; Ministry of Manpower	15 September 2014
Managing Project Teams Effectively	Building and Construction Authority	10 June 2016

Mr. Ho was previously a director of the following companies shown in the table below which have been struck off:

Name of Company	Place of Incorporation	Nature of Business	Date of Dissolution	Means of Dissolution	Reasons of Dissolution
Hon Holdings Pte. Ltd.	Singapore	General cleaning services	3 August 2002	Struck off	Cessation of business
Hon Industries (Middle East) Pte. Ltd.	Singapore	General contractors	6 August 2008	Struck off	Cessation of business
Sunstone Investments Pte. Ltd.	Singapore	Other holding companies	11 February 2011	Struck off	Cessation of business
Ng & Ho Engineers Pte. Ltd.	Singapore	General contractors	31 March 2011	Struck off	Cessation of business
Hon Group Pte. Ltd.	Singapore	Other holding companies	11 April 2012	Struck off	Cessation of business
Hon Engineering Pte. Ltd.	Singapore	General contractors	7 February 2013	Struck off	Cessation of business
Hon Industries (HK) Limited	Hong Kong	Investment holding	5 July 2013	Struck off	Dormant company
Velus Interior Pte. Ltd.	Singapore	Interior design services	8 July 2013	Struck off	Cessation of business
Hon Industries (JV) Beyond Builders Pte. Ltd.	Singapore	Building construction	12 September 2014	Struck off	Cessation of business

Mr. Ho has confirmed that each of the above companies was solvent at the time of their respective dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolutions.

Mr. Ho does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Ng Mei Yun (吳美雲) ("**Ms. Ng**"), aged 39, is an executive Director. Ms. Ng joined our Group in June 2005 as quantity surveyor. She was promoted to senior quantity surveyor of our Group in July 2008, associate director of our Group in August 2013, senior associate director of our Group in January 2017 and chief procurement officer of our Group in July 2017. She was appointed as a Director on 8 February 2018 and re-designated as an executive Director on 16 March 2018. She is a member of the Nomination Committee of our Company. Ms. Ng is primarily responsible for overseeing the procurement and contract department and the management, administration and supervision of the acquisition programs of our Group.

Ms. Ng obtained a certificate in Technology (Quantity Surveying) from Tunku Abdul Rahman College in Malaysia in October 1999. She subsequently graduated from Sheffield Hallam University in the United Kingdom with a Degree of Bachelor of Science in Building Construction Management in September 2002.

Ms. Ng has over 14 years of experience in the construction industry, specialising in contract administration. Prior to joining our Group, Ms. Ng worked as a quantity surveyor in First Link Engineering & Trading Pte Ltd (currently known as Hon Builder Pte. Ltd.) from July 2004 to May 2005.

Ms. Ng does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Lim Shi Min (林詩銘) ("**Mr. Lim**"), aged 48, is an executive Director and one of the Controlling Shareholders of our Company. He joined our Group on 1 October 2003 and has been serving as a director of Hon Industries and Energy Turbo since October 2003 and February 2018 respectively. He was appointed as chief operating officer on 1 July 2017. He was appointed a Director on 8 February 2018 and re-designated as an executive Director on 16 March 2018. Mr. Lim is responsible for overseeing the day-to-day operations and project management and resources allocation of our Group.

Mr. Lim graduated from Ngee Ann Polytechnic in Singapore with a Diploma in Electrical Engineering in August 1991. Mr. Lim is also qualified and licensed by the Energy Market Authority of Singapore as an Electrical Technician.

Prior to joining our Group, Mr. Lim was a project manager for Victor Engineering & Trading Pte Ltd. in Singapore, where he was principally responsible for designing, installing and managing electrical works from April 1994 to January 2002. From January 2002 to October 2003, Mr. Lim was a director in First Link Engineering & Trading Pte Ltd (currently known as Hon Builder Pte. Ltd.) where he was primarily responsible for designing and installing electrical and mechanical systems.

Mr. Lim does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Independent non-executive Directors

Mr. Ng Chye Kim (黃再金) ("**Mr. Ng**"), aged 66, was appointed as an independent non-executive Director on 4 October 2018. He is the chairman of the Remuneration Committee and a member of the Audit Committee of our Company.

Mr. Ng obtained a Certificate in Builders' Quantities (Measurement) and a Certificate in Builders' Quantities Estimating and Final Accounts from the City and Guilds of London Institute in 1977. He was elected as a member of the Australian Institute of Quantity Surveyors in September 2014.

Mr. Ng has over 42 years of experience in the construction industry and quantity surveying. Since October 1975, he has been working with Rider Levett & Bucknall LLP in Singapore, where he joined as an assistant quantity surveyor and is currently working as chief estimator and is mainly responsible for performing cost control functions.

Mr. Ng does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Lau Wang Lap (劉宏立) ("**Mr. Lau**"), aged 39, was appointed as an independent non-executive Director on 4 October 2018. He is the chairman of the Audit Committee and a member of the Nomination Committee of our Company.

Mr. Lau graduated from the City University of Hong Kong with a Degree of Bachelor of Business Administration in Accountancy in November 2003. Mr. Lau became a member of the Hong Kong Institute of Certified Public Accountants in May 2007. Mr. Lau obtained a Degree of Master of Business Administration from the University of Strathclyde through distance learning in November 2013.

Mr. Lau has over 14 years of experience in accounting and finance. The following table summarises his experience:

Company name	Last position held	Principal responsibility	Period of services
PricewaterhouseCoopers	Senior associate	Participated in auditing and accountancy engagements	January 2004 to January 2007
Bowker Asia Limited	Finance manager	Prepared financial statements, and reports and handled tax matters	July 2007 to August 2010
Zhengye International Holdings Company Limited (Stock code: 3363.HK)	Financial controller and company secretary	Handled treasury related matters, investor relationship work, company secretarial work	August 2010 to September 2011
Bortland Bros. Consulting Limited	Managing director	Participated in internal control review, tax planning and provided consulting services	November 2011 to present

Mr. Lau does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Chan Shun Yin (陳信賢) ("**Mr. Chan**"), aged 32, was appointed as an independent non-executive Director on 4 October 2018. He is the chairman of the Nomination Committee and a member of the Remuneration Committee and Audit Committee of our Company.

Mr. Chan graduated from the University of Hong Kong with a Degree of Bachelor of Laws in December 2009. Mr. Chan obtained the Postgraduate Certificate in Laws from the University of Hong Kong in August 2010. Mr. Chan was admitted as a solicitor of the High Court of Hong Kong in January 2013.

Mr. Chan has over seven years of experience in the legal field, specialising in corporate and commercial matters. In September 2010, Mr. Chan began working for Chiu & Partners as a trainee solicitor and from February 2013 to March 2018, he has been an assistant solicitor of the firm's corporate finance department. Mr. Chan's experience includes advising Hong Kong listed companies on listing rules related compliance matters.

Mr. Chan does not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, none of our Directors:

(i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;

(ii) had any other relationship with any Directors, senior management or Substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date;

(iii) held any other directorships in listed public companies in Hong Kong or overseas in the three years prior to the Latest Practicable Date; and

(iv) save as disclosed in the section "Further information about Directors, management and staff" in Appendix V to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO;

SENIOR MANAGEMENT

The following table sets out some information in respect of our senior management:

Name	Age	Position	Date of joining our Group	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Kwan Ai Joo	33	Senior Financial Controller	November 2006	Managing the financial risk, financial planning and record keeping of our Group	None
Tan Cheng Kiang	53	Chief Marketing Officer	March 2008	Defining marketing strategies to support our Group's overall strategies and objectives	None
Goy Yi Ting	27	Financial Controller	November 2017	Assisting the Senior Financial Controller in managing the financial risk, financial planning and record keeping of our Group	None

Ms. Kwan Ai Joo (官愛茹) ("**Ms. Kwan**"), aged 33, is the Senior Financial Controller of our Group. Ms. Kwan joined our Group in November 2006 as accounts cum administrative assistant, and was promoted to accounts executive, financial controller and Senior Financial Controller of our Group in July 2007, July 2014 and January 2017 respectively. She is primarily responsible for managing the financial risk, financial planning and record keeping of our Group.

Ms. Kwan graduated from SEGi College in Malaysia with a Diploma in Accounting in March 2007.

Prior to joining our Group, Ms. Kwan worked as an account executive in Golden Hill Forest Sdn Bhd in Malaysia from September 2005 to September 2006 where her primary responsibilities included handling full set of accounts.

Mr. Tan Cheng Kiang (陳貞礎) ("**Mr. J Tan**"), aged 53, is the Chief Marketing Officer of our Group. He is primarily responsible for defining marketing strategies to support our Group's overall strategies and objectives. Mr. J Tan joined our Group in March 2008 as M&E associate director and he was promoted to project director, deputy managing director and Chief Marketing Officer of our Group in July 2010, November 2015 and July 2017 respectively.

Mr. J Tan obtained a Diploma in Public Health Engineering from Ngee Ann Polytechnic in Singapore in August 1986 and an Advanced Diploma in Building Services Engineering by Ngee Ann Polytechnic in Singapore in August 1994. Mr. J Tan subsequently obtained a Degree of Bachelor of Technology (Mechanical Engineering) from The National University of Singapore in December 2002.

Mr. J Tan completed the OHSAS 18001:2007 Transition Auditor Training Course in October 2008 and the ISO 9001:2008 QMS Internal Auditor Training Course in September 2009 offered by JQ Management Pte Ltd.

Prior to joining our Group, Mr. J Tan worked in Hussmann Tempcool (Singapore) Pte Ltd between July 1991 and August 2005, during which he worked as assistant engineer since July 1991 and he was promoted to project engineer in July 1993 and manager of the air-conditioning division in March 2003. He worked as a project director in Johnson Controls (S) Pte Ltd from September 2005 to February 2008, where he was primarily responsible for the management of mechanical and electrical installations.

Ms. Goy Yi Ting (魏毓婷) ("**Ms. Goy**"), aged 27, is the Financial Controller of our Group. She is primarily responsible for assisting the Senior Financial Controller in managing the financial risk, financial planning and record keeping of our Group. Ms. Goy joined our Group in November 2017 as finance manager and was promoted to Financial Controller in January 2018.

Ms. Goy graduated from Oxford Brookes University in the United Kingdom with a Degree of Bachelor of Science in Applied Accounting by distance learning in September 2012. Ms. Goy was awarded by the Association of Chartered Certified Accountants with the ACCA Advanced Diploma in Accounting and Business in August 2011. Ms. Goy was admitted as a member of the Association of Chartered Certified Accountants in October 2016.

Prior to joining our Group, Ms. Goy worked as audit assistant in Robert Tan & Co., an accounting firm in Singapore, from May 2013 to December 2014. From May 2015 to June 2017, Ms. Goy worked in Baker Tilly TFW LLP in Singapore as senior associate and later promoted to senior I in its assurance department, where she carried out audit work on and off clients' sites in various industries.

None of our senior management has any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Mr. Ng Chit Sing (吳捷陞) ("**Mr. I Ng**"), was appointed as the company secretary of our Company on 16 March 2018. He is the chief executive officer of IN Corporate Services Limited specialising in the provision of corporate secretarial services to listed issuers and private companies.

Mr. I Ng was admitted as an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom in July 2000. Mr. I Ng received a Bachelor's Degree in Social Sciences from Lingnan College (now known as Lingnan University) in 1996 and a Bachelor's Degree in Laws which was a long distance course from the University of London in August 2008.

From May 2015 to present, Mr. I Ng was the named company secretary of Yestar Healthcare Holdings Company Limited (formerly known as Yestar International Holdings Company Limited), a company listed on the Main Board of the Stock Exchange (Stock code: 2393). From February 2017 to present, Mr. I Ng was appointed as the company secretary of Takbo Group Holdings Limited, a company listed on GEM (Stock code: 8436). From June 2017 to present, Mr. I Ng was appointed as the company secretary in Hong Kong of LHN Limited, a company listed on both the Catalist board of the Singapore Exchange Securities Trading Limited (Stock code: 41O) and the Main Board of the Stock Exchange (Stock code: 1730). From July 2017 to present, Mr. I Ng was the named company secretary of Solis Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 2227).

Mr. I Ng served as a senior company secretarial manager of SMI Culture & Travel Group Holdings Limited (formerly known as SMI Culture Group Holdings Limited and Qin Jia Yuan Media Services Company Limited) (Stock code: 2366), a company listed on the Main Board of the Stock Exchange from April 2010 to November 2010 and was appointed as company secretary from December 2010 to September 2011. Mr. I Ng served as a director of BMS Corporate Services Limited, a corporate secretary firm, for the period from November 2011 to October 2013. From February 2016 to December 2017, Mr. I Ng was the company secretary of AL Group Limited, a company listed on GEM (Stock code: 8360). From August 2017 to 2 October 2018, Mr. I Ng was the named company secretary of BOSA Technology Holdings Limited, a company listed on GEM (Stock code: 8140).

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 4 October 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors: Mr. Lau, Mr. Ng and Mr. Chan. Mr. Lau was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

Remuneration Committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 4 October 2018 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The Remuneration Committee comprises two independent non-executive Directors and an executive Director: Mr. Ng, Mr. Chan and Mr. Ho, respectively. Mr. Ng was appointed as the chairman of the Remuneration Committee. The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of our Group, review performance-based remuneration and ensure none of our Directors determine their own remuneration.

Nomination Committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on 4 October 2018 with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee comprises two independent non-executive Directors and an executive Director: Mr. Chan, Mr. Lau and Ms. Ng, respectively. Mr. Chan was appointed as the chairman of the Nomination Committee. The primary functions of our Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement our Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of our independent non-executive Directors; and make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of our Chairman and the chief executive.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the CG Code set out in Appendix 15 to the GEM Listing Rules with the exception of Code A.2.1, which requires the roles of chairman and chief executive be different individuals.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ho currently holds both positions. Since establishment of our Group in 2002, Mr. Ho has been the key leadership figure of our Group who has been deeply involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our Directors (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-executive Directors) consider Mr. Ho the best candidate for both positions and the present arrangements are beneficial to and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the CG Code each financial year and comply with the ''comply or explain'' principle in our corporate governance report which will be included in our annual reports upon the Listing.

COMPLIANCE OFFICER

Mr. Ho was appointed as the compliance officer of our Company for the purpose of the GEM Listing Rules on 16 March 2018. For details of his qualification and experience, please refer to the paragraph headed ''Executive Directors'' of this section above.

AUTHORISED REPRESENTATIVES

Mr. Ho and Mr. I Ng are the authorised representatives of our Company.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amounts of compensation paid by our Company (including salaries, allowances, discretionary bonus, contributions to pension schemes) to our Directors for the two financial years ended 31 December 2017 and the four months ended 30 April 2018 were approximately S$0.9 million, S$0.9 million and S$0.3 million, respectively. Under the arrangement and pursuant to our Directors' service contracts and letters of appointment referred to in the paragraph headed "Further information about Directors, management and staff — 9. Directors — (a) Particulars of service contracts and letters of appointment" in Appendix V to this prospectus, the aggregate amount of Directors' fee and other emoluments payable to our Directors (excluding any discretionary bonuses) and benefits in kind receivable by our Directors for the year ending 31 December 2018 is estimated to be approximately S$0.9 million.

The aggregate amount of compensation paid (including salaries, allowances, discretionary bonus, contributions to pension schemes) by our Company to our five highest paid individuals, including our Directors, for the two financial years ended 31 December 2017 and four months ended 30 April 2018 were approximately S$1.3 million, S$1.2 million and S$0.7 million, respectively.

REMUNERATION POLICY

Our Group's principal policies concerning remuneration of Directors or staff of high caliber are determined based on the relevant Director's or staff's duties, responsibilities, experience and skills. Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. Our Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to our operations. Our Company regularly reviews and determines the remuneration and compensation packages of our Directors and senior management. Our Company regularly provides discretionary bonuses to our senior management and key employees as incentive.

Our Company has conditionally adopted the Share Option Scheme on 4 October 2018 to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Please see the paragraph headed "13. Share Option Scheme" in Appendix V to this prospectus for further details of the Share Option Scheme.

After Listing, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors or the five highest paid individual as an inducement to join or upon joining our Company. No compensation was paid by our Group to, or received by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. None of our Directors waived or agreed to waive any emoluments during the Track Record Period.

STAFF

We recognise the importance of having a good relationship with our employees. The remuneration payable to the employees include salaries and allowances.

We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Fortune Financial Capital Limited as the compliance adviser (the "**Compliance Adviser**"). The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise us in the following circumstances:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 17.11 of the GEM Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will hold/be interested in 360,000,000 Shares, representing 75% in aggregate of the total issued share capital of our Company. Mr. Ho and Mr. Lim (through Bizstar Global, the principal business of which is investment holding) will in aggregate control 75% of the Shares in issue. As such, Bizstar Global, Mr. Ho and Mr. Lim will be regarded as a group of Controlling Shareholders which holds a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue.

RULE 11.04 OF THE GEM LISTING RULES

As confirmed by our each of our Directors, our Controlling Shareholders, our substantial shareholders and their respective close associates do not have any interests in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

Management independence

Our Board has six Directors comprising three executive Directors and three independent non-executive Directors. Mr. Ho and Mr. Lim, our Controlling Shareholders, are our executive Directors. Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Group. Please refer to the paragraph headed ''Non-competition Undertaking'' in this section below for further details.

Although our Controlling Shareholders will remain as Controlling Shareholders in our Company upon completion of the Share Offer and the Capitalisation Issue, the day-to-day management and operation of the business of our Group will be the responsibility of an independent management team which is led by a team of senior management with substantial experience and expertise in our business to implement our Group's policies with strategies. Our Board and senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing of our Company on the Stock Exchange without reference to our Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered

into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant Board meetings in respect of such transactions and will not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing our Group's business independently from the Controlling Shareholders.

Operational independence

Our Directors consider that our operations do not depend on our Controlling Shareholders and their respective close associates based on the following reasons:

(a) there is no competing business between our Group and any of our Controlling Shareholders and their respective close associates;

(b) none of our Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with our business;

(c) our Group has established an organisational structure made up of individual departments, each with specific areas of responsibilities;

(d) our Group has not shared any operational resources, such as vendors, customers, office premises, sales and marketing and general administration resources with our Controlling Shareholders and their respective close associates, independent from our Controlling Shareholders;

(e) our Group has established a set of internal controls to facilitate the effective operation of our business; and

(f) our Controlling Shareholders have no interest in any of our top five customers, suppliers and subcontractors and we do not rely on our Controlling Shareholders or their close associates and have independent access to customers, suppliers and subcontractors.

Financial independence

We have our own accounting and finance department and independent financial system and make financial decisions according to our own business needs. We also have our own treasury function and independent access to third party financing. During the Track Record Period, certain bank borrowings were secured by personal guarantees provided by Mr. Ho and Mr. Lim, our Controlling Shareholders, in favour of DBS Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad, Standard Chartered Bank (Singapore) Limited, CIMB Bank Limited and RHB Bank Berhad for the repayment obligations of Hon Industries pursuant to the banking facilities obtained from these banks. Our Group also arranged for performance bonds with insurers, whereby Mr. Ho and Mr. Lim provided joint and several personal indemnities in favour of the insurers under such performance bonds. All the guarantees and indemnities provided to our Group under the aforesaid banking facilities and performance bonds given by Mr. Ho and Mr. Lim will be fully released and/or replaced by corporate guarantees to be provided by our Company upon the Listing. Please refer to the section headed "Financial

Information — Indebtedness" and "Financial Information — Contingent liabilities" in this prospectus and Note 29 (Borrowings) and Note 41 (Performance bonds) to the Accountants' Report set out in Appendix I to this prospectus for further details.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") entered into the Deed of Non-competition in favour of our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for each of our subsidiaries) that:

(a) he/it will not, and will procure any Covenantor and his/its close associates (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) (the "**Controlled Company**") not to, except through any member of our Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition with or is likely to be in competition directly or indirectly with any business carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in any territory that our Group carries on our business from time to time ("**Restricted Business**");

(b) if any of the Covenantors is offered or becomes aware of any project or any new business opportunity ("**New Business Opportunity**") directly or indirectly to engage or become interested in a Restricted business, he/it (i) shall promptly in event not later than seven (7) calendar days notify the Company of such New Business Opportunity in writing, refer the same to the Company for consideration first and provide such information as may be reasonably required by the Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Covenantors, Controlled Persons and/or Controlled Company shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by our Company and the principal terms of which he/it and/or his/its close associates invest or participate in are no more favourable than those made available to our Company.

The restrictions which each of the Covenantors has agreed to undertake pursuant to the Deed of Non-competition will not apply to such Covenantors in the circumstances where he/it has:

(a) the holding of or interests in shares or other securities by any of the Covenantors and/or his/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:

(i) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or

(ii) the total number of the shares held by any of the Covenantors and his/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and his/its close associates together hold.

The Deed of Non-competition will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as Controlling Shareholder; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

(a) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless a majority of the independent non-executive Directors expressly requested him/her to attend;

(b) the independent non-executive Directors will review and will disclose decisions with basis, on an annual basis, the compliance with the Deed of Non-competition by the Controlling Shareholders;

(c) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(d) our Company will disclose decisions with basis on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of the Controlling Shareholders in the annual reports of our Company;

(e) our Controlling Shareholders will make an annual declaration on compliance with their Deed of Non-competition in the annual report of our Company;

(f) our Company has appointed Fortune Financial Capital Limited as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls;

(g) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to involve or participate in a Restricted Business and if so, any condition to be imposed; and

(h) the independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition undertaking or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ interested	Approximate percentage of shareholding immediately following completion of the Share Offer
Mr. Ho	Interest in a controlled corporation[(2)]	360,000,000 (L)	75%
Mr. Lim	Interest in a controlled corporation[(3)]	360,000,000 (L)	75%
Bizstar Global	Beneficial Owner	360,000,000 (L)	75%
Ms. Yap Lay Kheng	Interest of Spouse[(4)]	360,000,000 (L)	75%
Ms. Kwan Yin Leng	Interest of Spouse[(5)]	360,000,000 (L)	75%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued share capital of Bizstar Global is legally and beneficially owned as to 70% by Mr. Ho. Accordingly, Mr. Ho is deemed to be interested in 360,000,000 Shares held by Bizstar Global respectively by virtue of the SFO.

3. Mr. Lim beneficially owns 30% of the issued share capital of Bizstar Global.

4. Ms. Yap Lay Kheng is the spouse of Mr. Ho. Therefore, Ms. Yap Lay Kheng is deemed to be interested in the Shares held by or interested in by Mr. Ho pursuant to the SFO.

5. Ms. Kwan Yin Leng is the spouse of Mr. Lim. Therefore, Ms. Kwan Yin Leng is deemed to be interested in the Shares held by or interested in by Mr. Lim pursuant to the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be

required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Stock Exchange, details of which are set out under the section headed "Underwriting — Undertakings by our Controlling Shareholders" in this prospectus. Our Controlling Shareholders have also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

During the Track Record Period, our Group entered into certain transactions with connected persons of our Company in our ordinary and usual course of business which are expected to continue and constitute continuing connected transactions as defined under Chapter 20 of the GEM Listing Rules of our Company upon Listing.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 20 of the GEM Listing Rules, the continuing connected transactions of our Group set out below are exempted from compliance with requirements of reporting, annual review, announcement and approval by independent shareholders under Chapter 20 of the GEM Listing Rules.

Hon Builder Pte. Ltd.

Hon Builder Pte. Ltd. ("**Hon Builder**") carries on the business of general building engineering design and consultancy services and general construction works. Hon Builder is owned as to 100% by Mr. Yap Meng Keong, the brother-in-law of Mr. Ho, our executive Director and a Controlling Shareholder. As such, Hon Builder is a connected person of our Company for the purpose of the GEM Listing Rules. Accordingly, the following transactions with Hon Builder constitute continuing connected transactions for our Company under Chapter 20 of the GEM Listing Rules.

(i) Provision of general subcontracting works

During the Track Record Period, Hon Builder provided general subcontracting works such as minor repair and renovation works and rental of vehicles to Hon Industries, our wholly-owned subsidiary. Hon Industries also provided general subcontracting works such as minor repair and electrical works, procurement of certain construction materials and rental of machines to Hon Builder during the Track Record Period. Hon Builder will continue to provide general subcontracting work following Listing but Hon Industries will discontinue such transactions upon Listing.

For the two financial years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, the amount we paid for the general subcontracting works provided by Hon Builder were approximately S$58,000, S$86,000 and S$7,000, respectively. The historical amounts were determined by the parties through arm's length negotiation with reference to the then prevailing market rate for similar services.

Pursuant to a subcontracting agreement dated 4 October 2018 entered into between Hon Builder and our Group in its ordinary course of business ("**Subcontracting Agreement 1**"), Hon Builder has agreed to provide general subcontracting works to Hon Industries so that our Group does not need to acquire additional machines/vehicles in order to maintain lower operational cost and avoid machine/vehicle cost. Hon Builder agreed to provide general subcontracting works on a project basis and on normal commercial terms or at a better price determined at arm's length negotiation, based on prevailing market prices no more favourable than to Independent Third Parties for similar services with reference to the scale, complexity and time schedule of a particular project, the estimated time expected to be spent by the number of staff on the projects and the costs of relevant production materials. We will also seek quotations for the same or similar services from at least two independent service providers to ensure that certain level of profit margin can be maintained throughout the Subcontracting Agreement I and will take into account, among other things, the reputation, quality and reliability of the service providers when determining the appointment of service providers. The term of the Subcontracting Agreement 1 is effective from the Listing Date until 31 December 2020.

For the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, the maximum annual amount of the subcontracting fee payable to Hon Builder by our Group shall not exceed the following caps:

	Proposed annual cap for the financial year ending 31 December *(S$)*		
	2018	**2019**	**2020**
Total amount of subcontracting fee payable (approx.)	100,000	100,000	100,000

In determining the above annual caps, our Directors have taken into consideration the historical transaction amounts, the number and nature of future projects which require subcontracting works, the average utilisation rates of our machines for the two financial years ended 31 December 2016 and 2017 and the four months ended 30 April 2018 and the estimated scales of fees to be charged by our Group, taking into consideration of factors such as the potential increase in machines costs and inflation rate.

Taking into account the annual cap of the amount payable to Hon Builder for the subcontracting works, the applicable percentage ratios as defined in the GEM Listing Rules are expected to be less than 5% and the annual consideration is less than HK$3 million, and therefore within the de minimis threshold stipulated in the Rule 20.74 of the GEM Listing Rules.

(ii) Rental of property

Since 1 January 2018, Hon Industries has leased a portion in level 4 of the storey situated at 52 Tuas View Square Singapore 637727 (the "**Premises**") to Hon Builder for the purpose of fabrications and storage activities. Such transactions will continue following Listing.

Our Group entered into a tenancy agreement with Hon Builder on 30 December 2017 ("**Tenancy Agreement**"), pursuant to which Hon Builder agreed to pay to our Group rental fee with effect from 1 January 2018 until 31 December 2018, which may be renewed for a further term of one year after its expiry with consent from Hon Industries after negotiation. For the four months ended 30 April 2018, the rental fees paid to our Group by Hon Builder were approximately S$12,000.

For the financial year ending 31 December 2018, the maximum annual amount of rental fees receivable from Hon Builder by our Group shall not exceed the following cap:

	Proposed annual cap for the year ended 31 December 2018 *(S$)*
Total amount of rental fees receivable (approx.)	36,000

In determining the above annual caps, our Directors have taken into consideration the historical rent paid by Hon Builder to our Group, the prevailing market conditions and the prevailing market rent for similar properties in the vicinity at the relevant time, the expected increase in the market rent for similar properties in the financial year ending 31 December 2018 with reference to the historical trend of the relevant market rent and the valuation report in respect of the Premises issued by an independent professional property valuer. Having taken into account the said factors, our Directors are of the view that the Tenancy Agreement was entered into on normal commercial terms and that the rent payable under the Tenancy Agreement is in line with the prevailing market rate.

Taking into account the annual cap of the rental fee receivable from Hon Builder by our Group, the applicable percentage ratios as defined in the GEM Listing Rules are expected to be less than 5% and the annual consideration is less than HK$3 million, and therefore within the de minimis threshold stipulated in the Rule 20.74 of the GEM Listing Rules.

Wee Jo Enterprise Pte. Ltd.

Wee Jo Enterprise Pte. Ltd. ("**Wee Jo Enterprise**") carries on the business of general contractors and manufacture and repair of refrigerating, air-conditioning and ventilating machinery and equipment (except household refrigerators). Wee Jo Enterprise is owned as to 48% by Mr. Ho Nam Joo and 52% by Ms. Ho Chong Min, the brother and niece of Mr. Ho, respectively, our executive Director and a Controlling Shareholder. As such, Wee Jo Enterprise is a connected person of our Company for the purpose of the GEM Listing Rules. Accordingly, the following transactions with Wee Jo Enterprise constitute continuing connected transactions for our Company under Chapter 20 of the GEM Listing Rules.

During the Track Record Period, Wee Jo Enterprise provided air-conditioning works to Hon Industries. Since our projects do not involve vast amount of air conditioning works, we do not consider hiring in-house air conditioning team is necessary and consider that it is appropriate to subcontract our air-conditioning works to Wee Jo Enterprise for the coming years. Accordingly, such transactions will continue following Listing.

For the two financial years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, the total amount of historical transactions were approximately S$48,000, S$77,000 and S$8,000, respectively. The historical amounts were determined by the parties through arm's length negotiation with reference to the then prevailing market rate for similar services.

Pursuant to a subcontracting agreement dated 4 October 2018 entered into between Wee Jo Enterprise and our Group ("**Subcontracting Agreement 2**"), Wee Jo Enterprise has agreed to provide air conditioning works to our Group according to actual needs and on normal commercial terms or at a better price determined at arm's length negotiations based on prevailing market prices no more favourable than to Independent Third Parties for similar services. We will also seek quotations for the similar services from at least two independent service providers to ensure that certain level of profit margin can be maintain throughout the term of the Subcontracting Agreement 2 and will take into account, among other things, the reputation, quality and reliability of the service providers when determining the appointment of service providers. The term of the Subcontracting Agreement 2 is effective from the Listing Date until 31 December 2020.

For the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, the maximum annual amount of the subcontracting fee payable to Wee Jo Enterprise by our Group shall not exceed the following caps:

	Proposed annual cap for the financial year ending 31 December *(S$)*		
	2018	**2019**	**2020**
Total amount of subcontracting fee payable (approx.)	100,000	110,000	120,000

In determining the above annual caps, our Directors have taken into consideration the historical transaction amounts, the projected increase in the number of projects awarded to our Group, the average charging rates offered by Wee Jo Enterprise in respect of the air-conditioning services and the subcontracting works during the Track Record Period and the expected increase in subcontracting costs as well as inflation rate.

Taking into account the annual cap of the subcontracting fee payable to Wee Jo Enterprise by our Group, the applicable percentage ratios as defined in the GEM Listing Rules are expected to be less than 5% and the annual consideration is less than HK$3 million, and therefore within the de minimis threshold stipulated in the Rule 20.74 of the GEM Listing Rules.

City Garden Pte. Ltd.

City Garden Pte. Ltd. ("**City Garden**") carries on the business of building construction as well as landscape planting, garden installation and maintenance, grass cutting, tree felling, pruning, farming of ornamental plants, and horticultural and arboricultural landscape. City Garden is owned as to 71.19% by Mr. Lim Beng Keong, the cousin of Mr. Lim, our executive Director and a Controlling Shareholder. As such, City Garden is a connected person of our Company for the purpose of the GEM Listing Rules. Accordingly, the following transactions with City Garden constitute continuing connected transactions for our Company under Chapter 20 of the GEM Listing Rules.

During the Track Record Period, City Garden provided landscaping works and procurement services to Hon Industries. Such transactions will continue following Listing.

For the two financial years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, the total amount of historical transactions were approximately nil, S$258,000 and S$56,000, respectively. Typically, the amounts charged by City Garden for the provision of landscaping works were determined with reference to the area and location of the project sites and the amounts charged for procurement of materials were determined with reference to the price of the procured items and the payments were typically one-off in nature. The historical amounts were determined by the parties through arm's length negotiation with reference to the then prevailing market rate for similar services.

Pursuant to a subcontracting agreement dated 4 October 2018 entered into between City Garden and our Group ("**Subcontracting Agreement 3**"), City Garden has agreed to provide landscaping works and procurement services to our Group on project basis and on normal commercial terms or at a better price determined at arm's length negotiations based on prevailing market prices no more favourable than to Independent Third Parties for similar services. We will also seek quotations for the same or similar

services from at least two independent service providers and will take into account, among other things, the reputation, quality and reliability of the service providers when determining the appointment of service providers. The term of the Subcontracting Agreement 3 is effective from the Listing Date until 31 December 2020.

We will not purchase any such services if the price of such transactions offered by City Garden is higher than that offered by such independent service providers.

For the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, the maximum annual amount of the subcontracting fee payable to City Garden by our Group shall not exceed the following caps:

	Proposed annual cap for the financial year ending 31 December *(S$)*		
	2018	**2019**	**2020**
Total amount of subcontracting fee payable (approx.)	360,000	370,000	380,000

In determining the above annual caps, our Directors have taken into consideration the historical transaction amounts and the projected increase in the subcontracting works as a result of expecting more projects in the future which require more landscaping works and the expected increase in subcontracting costs as well as inflation rate. Accordingly, the annual caps have been set at a higher level than the average historical transaction amounts.

Taking into account the annual cap of the subcontracting fee payable to City Garden by our Group, the applicable percentage ratios as defined in the GEM Listing Rules are expected to be less than 5% and the annual consideration is less than HK$3 million, and therefore within the de minimis threshold stipulated in the Rule 20.74 of the GEM Listing Rules.

SHARE CAPITAL

The tables as shown below assume the Share Offer and the Capitalisation Issue have become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account of any Shares which may be allotted and issued upon the exercise of the options which may be granted under the Share Option Scheme.

The authorised and issued share capital of our Company before and following the completion of the Share Offer and the Capitalisation Issue is as follows:

Authorised share capital:		*HK$*
1,000,000,000	Shares	10,000,000
Shares in issue or to be issued, fully paid or credited as fully paid:		
100	Shares in issue as at the Latest Practicable Date at HK$0.01 each	1
359,999,900	Shares to be issued pursuant to Capitalisation Issue *(Note)*	3,599,999
120,000,000	Shares to be issued pursuant to the Share Offer	1,200,000
480,000,000	Total	4,800,000

Note: Pursuant to the written resolutions of the sole Shareholder passed on 4 October 2018, conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK$3,599,999 from the amount standing to the credit of the share premium account of our Company and to appropriate such amount as to pay up in full at par 359,999,900 Shares for allotment and issue to the persons whose names appeared on the register of members of our Company at the close of business on the Business Day immediately before the Listing Date, where applicable, in proportion (or as nearly as possible without involving fractions) to their respective shareholdings in our Company.

ASSUMPTIONS

The tables as shown above assume the Share Offer becomes unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares referred to in the paragraph headed ''General mandate to issue Shares'' or the paragraph headed ''General mandate to buy back Shares'' in this section below, as the case may be.

RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank pari passu in all respects with all Shares in issue or to be issued as mentioned herein, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and Conditions of the Share Offer" in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue; and

(b) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in the paragraph headed "General mandate to buy back Shares" below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Company and its subsidiaries — 3. Resolutions in writing of the sole Shareholder passed on 4 October 2018" in Appendix V to this prospectus.

GENERAL MANDATE TO BUY BACK SHARES

Conditional on conditions as stated in the section headed "Structure and Conditions of the Share Offer" in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers to buy back Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) which represent up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to buy-back made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed "Further information about our Company and its subsidiaries — 6. Buy-back by our Company of its own securities" in Appendix V to this prospectus.

The general mandate to buy back Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(iii) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please also refer to the paragraph headed "Further information about our Company and its subsidiaries — 3. Resolutions in writing of the sole Shareholder passed on 4 October 2018" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles of Association. For details, please see paragraph headed "2. Articles of Association — (e) Meeting of members — (iv) Notices of meetings and business to be conducted" in Appendix IV to this prospectus.

OVERVIEW

Our Group primarily acts as a main contractor in building and infrastructure projects and interior decoration projects in the public and private sectors in Singapore and we also act as a main contractor in term contracts in the public sector in Singapore for the provision of maintenance services, repairs and renovations, amongst others. We have more than 15 years of experience in building and infrastructure projects involving various types of buildings, including institutions, industrial, commercial and residential buildings in both public and private sectors.

During the Track Record Period, we were engaged in (i) 11, six and four building and infrastructure projects, which contributed to approximately 79.9%, 84.4% and 70.8%; (ii) five, six and two interior decoration projects, which contributed to approximately 20.1%, 9.0% and 7.3%; and (iii) nil, three and four term contracts, which contributed to approximately nil, 6.6% and 21.9%, of our total revenue for the two financial years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

As at the Latest Practicable Date, we have six ongoing building and infrastructure projects, two ongoing interior decoration projects (for one of which the project works have been substantially completed but the certificate of substantial completion has yet to be issued), and six ongoing term contracts, with the remaining contract sum of approximately S$40.1 million, S$5.2 million and S$73.5 million, respectively.

Under the purview of our executive Directors and experienced senior management team, we successfully secured high value contracts to act as the main contractor for building and infrastructure projects during the Track Record Period that included an educational institution project with an initial contract value of approximately S$62.1 million, for a project duration of approximately two years; a public park project with an initial contract value of approximately S$59.6 million, for a project duration of approximately two years; and a public housing improvement project with an initial contract value of approximately S$21.9 million, for a project duration of approximately two years.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 8 February 2018 and became the holding company of Energy Turbo pursuant to the Reorganisation and completed on 9 February 2018. Details of the Reorganisation are set out under the section headed "History, Reorganisation and Group Structure" in this prospectus. The financial information of our Group has been prepared as if our Company had been the holding company of Energy Turbo and Hon Industries throughout the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Effect on the adoption of IFRS 15 and IFRS 9

Our Group has consistently applied IFRS 15 "Revenue from Contracts with Customers", which are effective for the accounting period beginning on 1 January 2018, throughout the Track Record Period. Our Directors consider that the adoption of IFRS15 would not have a significant impact on our Company's financial position and performance compared to the requirements of IAS 18 as at and for the years ended 31 December 2016 and 2017 and there was no adjustment made in net profit during the Track Record Period as a result of such early adoption.

Our Group has adopted IFRS 9 "Financial Instruments", which are effective for the accounting period beginning on 1 January 2018. Except for the change in classification of payments for life insurance policy from loans and receivables under IAS 39 to financial asset at fair value through profit or loss under IFRS 9, our Directors do not anticipate that the application of IFRS 9 would have significant impact on our Company's financial position and performance as at and for the years ended 31 December 2016 and 2017 if our Company had early adopted IFRS 9.

The financial information of our Group has been prepared in accordance with the accounting policies which conform to IFRSs. The significant accounting policies adopted by our Group are set forth in detail in Note 4 to the Accountants' Report set out in Appendix I to this prospectus. Some of the accounting policies involve judgements, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in Note 5 to the Accountants' Report set out in Appendix I to this prospectus.

Revenue recognition of construction work

Our Group recognises contract revenue and profit of a construction contract according to the percentage of completion of construction works, taking into consideration of the management's estimation of the outcome of the project. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontracting costs and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

The contract assets on construction contracts represent our Group's right to consideration for work completed and not billed as the rights are conditioned on our Group's future performance in satisfying the respective performance obligations. As at 31 December 2016 and 2017 and 30 April 2018, the carrying amounts of contract assets were approximately S$15.9 million, S$25.6 million and S$26.5 million respectively. The contract liabilities on construction contracts represent our Group's obligation to transfer project works to customers for which our Group has received consideration from the customers. As at 31 December 2016 and 2017 and 30 April 2018, the carrying amounts of contract liabilities were approximately S$0.9 million, S$0.8 million and S$91,000, respectively. Please refer to Note 22 to the Accountants' Report set out in Appendix I to this prospectus for details.

Estimated impairment of trade receivables

Prior to 1 January 2018, the management assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. If there is objective evidence that an impairment loss on trade receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, including unbilled revenue where the actual collection of

receivables upon billing to customers are less than expected, an impairment loss may arise. As at 31 December 2016 and 2017, the carrying amounts of trade receivables of our Group were approximately S$11.7 million and S$12.0 million respectively.

Starting from 1 January 2018, our Group recognises lifetime expected credit losses ("**ECL**") for trade receivables, using a provision matrix based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to our Group in accordance with the contract and all the cash flows that our Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 30 April 2018, the carrying amount of trade receivable was approximately S$7.7 million (net of allowance for doubtful debts of S$141,000). Further information regarding our Group's trade receivables balance are set forth in Note 20 to the Accountants' Report set out in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below:

Timing of projects and amount of works completed

Our revenue is recognised by reference to the stage of completion, and billing is based on approved monthly progress claims. As such, our revenue is dependent not only on the number of projects and their contract revenues, but also on the amount of work completed. Hence, the number of contracts and progress of each contract we undertake in any period will affect our results of operations and lead to fluctuations in revenue recognised from period to period. For more information on our revenue recognition policy, please refer to Note 4 of the Accountants' Report set out in Appendix I to this prospectus.

Pricing of our projects

Our pricing is generally based on mark-ups over our estimated project costs, which mainly comprise our subcontracting costs, material costs, staff costs, and overheads. Pricing is one of the key considerations of tender evaluation by our customers, and also directly affects our project profitability. We determine the tender price by taking into account factors such as project schedule, availability of resources, type and value of projects, project complexity and scope of works, competitive environment and prevailing market conditions. Despite careful consideration of the tender price, there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. For further details, please refer to the paragraph headed "Business — Sales and marketing — Pricing and tender strategy" in this prospectus. Our pricing directly affects our revenue, profitability and cash flows.

Our success rate on project tenders

Our Group derives projects mainly from three sources, namely (i) new construction opportunities in both the public and private sector published on BCI Asia; (ii) open tender opportunities published on GeBIZ; and (iii) invitations to tender from private customers. Our contracts are typically awarded on a project basis.

Our tender success rates were approximately 11.6%, 4.8% and nil for public sector tenders and approximately 12.5%, nil and 40.0% for the private sector tenders for the two financial years ended 31 December 2017 and the four months ended 30 April 2018. Our tender success rates for main contractor projects in the public sector on open tender basis averaged approximately 6.8% and that from invited tenders averaged approximately 10.4%, respectively, over the two financial years ended 31 December 2017 and four months ended 30 April 2018. Our tender success rate depends on various factors, such as our pricing and tender strategy, customers' tender evaluation standards, and our competitors' pricing and tender strategy, and the level of competition. Our tender success rate will affect our financial position and performance. Please refer to the section headed "Business — Project management and operations — Tender phase" in this prospectus for further details about our tender success rates.

Fluctuations in costs of services

Our costs of services mainly comprise (i) subcontracting costs; and (ii) material costs. We engage subcontractors and suppliers in Singapore, and our main subcontracting services include engaging subcontractors on a project basis for specialised works such as reinforcement concrete works, ACMV, steel structure works, and aluminium works; while our main purchases include ready-mixed concrete, reinforcement bars, rental of machineries and equipment, and hardware such as wiring and tools. Please refer to the sections headed "Business — Subcontractors" and "Business — Suppliers" in this prospectus for further details on our subcontractors and suppliers, respectively.

As part of our project risk management policy, we manage cost fluctuations by (i) offering a tender quotation that caters for unanticipated increase in costs; (ii) strong project management in particular for our main contractor project to ensure that there is no delay; and (iii) working with subcontractors and suppliers who are able to deliver quality materials and works on a timely and reliable basis. We will also obtain quotations from our suppliers and subcontractors on a unit price basis instead of on a quantum basis so as to minimise the risk of cost overruns for a project. Notwithstanding our management of costs, any material fluctuations in our cost of services may adversely impact our financial performance.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our subcontracting costs and material costs (being the major components of our cost of services) on our profit before taxation (excluding listing expenses) during the Track Record Period.

Breakeven analysis

For the year ended 31 December 2016, it is estimated that we would record a breakeven with either (i) an increase in approximately 4.7% in our subcontracting costs; or (ii) an increase in approximately 16.1% in our material costs, holding all other variables constant.

For the year ended 31 December 2017, it is estimated that we would record a breakeven with either (i) an increase in approximately 10.5% in our subcontracting costs; or (ii) an increase in approximately 40.5% in our material costs, holding all other variables constant.

For the four months ended 30 April 2018, it is estimated that we would record a breakeven with either (i) an increase in approximately 7.6% in our subcontracting costs; or (ii) an increase in approximately 34.5% in our material costs, holding all other variables constant and without listing fees.

Since subcontracting costs and material costs are the major components of our costs of services, fluctuation in any of the aforesaid components will affect our direct costs during the actual implementation of the project. In the event that the costs of services increase unexpectedly to the extent that we have to incur substantial extra costs without sufficient compensations, our financial performance and profitability will be adversely affected.

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in subcontracting costs and material costs on our profit (excluding listing expenses) for the year/period during the Track Record Period, assuming all other variables remained constant. The hypothetical fluctuation rates for subcontracting costs are set at 5% and 10%, while the hypothetical fluctuation rates for material costs are set at 10% and 20% respectively. These rates correspond to the historical fluctuations of our Group's subcontracting costs and material costs during the Track Record Period.

Hypothetical fluctuations in our subcontracting costs	**+/- 5%**	**+/- 10%**
	S$'000	*S$'000*
Increase/decrease in gross profit *(Note 1)*		
Year ended 31 December 2016	+/-1,458	+/-2,917
Year ended 31 December 2017	+/-3,054	+/-6,109
Four months ended 30 April 2018	+/-1,211	+/-2,421
Increase/decrease in profit for the year/period *(Note 2)*		
Year ended 31 December 2016	+/-1,293	+/-2,587
Year ended 31 December 2017	+/-2,483	+/-4,967
Four months ended 30 April 2018	+/-904	+/-1,809
Hypothetical fluctuations in our material costs	**+/- 10%**	**+/- 20%**
	S$'000	*S$'000*
Increase/decrease in gross profit *(Note 1)*		
Year ended 31 December 2016	+/-852	+/-1,703
Year ended 31 December 2017	+/-1,576	+/-3,153
Four months ended 30 April 2018	+/-535	+/-1,070
Increase/decrease in profit for the year/period *(Note 2)*		
Year ended 31 December 2016	+/-756	+/-1,511
Year ended 31 December 2017	+/-1,281	+/-2,563
Four months ended 30 April 2018	+/-399	+/-799

Notes:

(1) Our gross profit was approximately S$6.0 million, S$11.0 million and S$3.8 million respectively for the two years ended 31 December 2017 and the four months ended 30 April 2018.

(2) Our profit for the year/period was approximately S$1.3 million, S$4.8 million and S$1.5 million (excluding listing expenses of approximately S$2.0 million) respectively for the two years ended 31 December 2017 and the four months ended 30 April 2018.

RESULTS OF OPERATIONS

The following tables set forth a summary of our combined statements of profit or loss during the Track Record Period, which was derived from the Accountants' Report set out in Appendix I to this prospectus:

	For the year ended 31 December		For the four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Continuing operations				
Revenue	54,942	100,841	34,517	38,540
Cost of services	(48,990)	(89,844)	(30,567)	(34,694)
Gross profit	5,952	10,997	3,950	3,846
Other income	941	1,053	435	248
Other gains or losses	(126)	(20)	—	—
Administrative expenses	(4,913)	(5,123)	(1,995)	(2,118)
Finance costs	(485)	(522)	(110)	(131)
Listing expenses	—	—	—	(1,969)
Profit/(loss) before taxation	1,369	6,385	2,280	(124)
Income tax expense	(155)	(1,197)	(435)	(321)
Profit/(loss) for the year/period from continuing operations	1,214	5,188	1,845	(445)
Discontinued operations				
Profit/(loss) for the year/period from discontinued operations	43	(395)	(291)	—
Profit/(loss) for the year/period	1,257	4,793	1,554	(445)

PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

Our Group's operations are located in Singapore and our revenue and profit from operations are solely derived from services rendered within Singapore. Our Group is actively involved as a main contractor in both private and public sector projects which includes institutional, industrial, commercial and residential projects. The revenue was principally derived from project works for our (i) building and infrastructure projects, (ii) interior decoration projects, and (iii) term contracts.

During the Track Record Period, the public sector works of our Group mainly involve works commissioned by various Singapore statutory boards, whereas private sector works mainly involve projects commissioned by privately-owned companies, including housing developers, healthcare providers, institutions of learning, commercial building owners and industrial building owners in Singapore.

The following table sets forth a breakdown of our revenue and the number of projects/contracts performed during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April					
	2016			2017			2017			2018		
	Number of projects/ contracts	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*	*Number of projects/ contracts*	*Revenue (S$'million)*	*(%)*
Building and infrastructure projects												
— Public sector	3	13.2	24.1	4	46.8	46.4	3	12.6	36.4	3	14.3	37.1
— Private sector	8	30.7	55.8	2	38.3	38.0	1	16.9	49.1	1	13.0	33.7
Subtotal	11	43.9	79.9	6	85.1	84.4	4	29.5	85.5	4	27.3	70.8
Interior decoration projects												
— Public sector	1	4.1	7.5	1	3.1	3.0	—	—	—	1	1.4	3.7
— Private sector	4	6.9	12.6	5	6.0	6.0	3	3.2	9.2	1	1.4	3.6
Subtotal	5	11.0	20.1	6	9.1	9.0	3	3.2	9.2	2	2.8	7.3
Term contracts[(1)]												
— Public sector	—	—	—	3	6.6	6.6	2	1.8	5.3	4	8.4	21.9
TOTAL	16	54.9	100.0	15	100.8	100.0	9	34.5	100.0	10	38.5	100.0

Note:

(1) We secured our first term contract in 2016 which started to generate revenue during the four months ended 30 April 2017.

Costs of services

Costs of services refer to costs that are directly related to our project works such as subcontracting costs, material costs, staff costs, and overheads, which amounted to approximately S$49.0 million and S$89.8 million respectively for the two years ended 31 December 2017 and approximately S$30.6 million and S$34.7 million for the four months ended 30 April 2017 and 2018 respectively. The table below sets forth a breakdown of our cost of services by nature and percentage contribution to total cost of services for the years indicated:

	For the year ended 31 December				For the four months ended 30 April			
	2016		2017		2017		2018	
	S$'000	*% to costs of services*	*S$'000*	*% to costs of services*	*S$'000*	*% to costs of services*	*S$'000*	*% to costs of services*
Subcontracting costs	29,165	59.5	61,089	68.0	22,232	72.7	24,214	69.8
Materials costs	8,516	17.4	15,764	17.5	4,803	15.7	5,348	15.4
Staff costs	2,062	4.2	2,780	3.1	1,003	3.3	994	2.9
Overheads	9,247	18.9	10,211	11.4	2,529	8.3	4,138	11.9
Total	48,990	100.0	89,844	100.0	30,567	100.0	34,694	100.0

Our costs of services during the Track Record Period comprised (i) subcontracting costs for specialised works such as reinforcement concrete works, plumbing works, ACMV, steel structure works, and aluminium works; (ii) materials costs for purchases of ready-mixed concrete, reinforcing bars, rental of machineries and equipment, and hardware such as wiring and tools; (iii) staff costs for staff directly involved in our projects works, such as supervisors and site workers; and (iv) overheads such as depreciation of property, plant and equipment, transportation expenses and insurance directly attributable to the projects.

Gross profit

Our gross profit was approximately S$6.0 million and S$11.0 million for the two financial years ended 31 December 2017 and approximately S$4.0 million and S$3.8 million for the four months ended 30 April 2017 and 2018 respectively. The following tables set forth our gross profit and gross profit margin during the two financial years ended 31 December 2017 and the four months ended 30 April 2017 and 2018:

	For the financial year ended 31 December						For the four months ended 30 April					
	2016			2017			2017			2018		
	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin
	S$'000	*S$'000*	*%*	*S$'000*	*S$'000*	*%*	*S$'000*	*S$'000*	*%*	*S$'000*	*S$'000*	*%*
Building and infrastructure projects												
— Public sector	13,232	2,219	16.8	46,771	4,322	9.2	12,551	1,285	10.2	14,288	1,355	9.5
— Private sector	30,656	1,120	3.7	38,370	4,240	11.1	16,947	1,403	8.3	12,969	1,186	9.1
Sub total	43,888	3,339	7.6	85,141	8,562	10.1	29,498	2,688	9.1	27,257	2,541	9.3
Interior decoration projects												
— Public sector	4,129	685	16.6	3,070	(11)	(0.4)	—	—	—	1,428	45	3.2
— Private sector	6,925	1,928	27.8	6,013	2,149	35.7	3,194	1,165	36.5	1,399	478	34.2
Sub total	11,054	2,613	23.6	9,083	2,138	23.5	3,194	1,165	36.5	2,827	523	18.5
Term contracts												
— Public sector	—	—	—	6,617	297	4.5	1,825	97	5.3	8,456	782	9.2
Total	54,942	5,952	10.8	100,841	10,997	10.9	34,517	3,950	11.4	38,540	3,846	10.0

Our gross profit and gross profit margin are dependent on our pricing strategy. When preparing for project tenders or quotations, there will be a project budget prepared based on various factors, please refer to the section headed ''Business — Sales and marketing — Pricing and tender strategy'' in this prospectus for further details.

Our Group's overall gross profit margin for the two years ended 31 December 2017 and the four months ended 30 April 2017 and 2018 are largely consistent, and were approximately 10.8%, 10.9%, 11.4% and 10.0% respectively. Please refer to the paragraph headed ''Review of historical results of operations'' in this section for the reasons for the fluctuations of our gross profit margins during the Track Record Period.

Other income

The table below sets forth a breakdown of our other income for the years indicated:

	For the year ended 31 December		For the four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Imputed interest income on amounts due from shareholders	336	375	118	—
Government grant and subsidies	253	174	43	40
Engineering service income	160	239	186	—
Rental income	50	116	22	63
Sundry income	142	149	66	145
Total other income	941	1,053	435	248

During the Track Record Period, our other income comprised: (i) the imputed interest income on amounts due from shareholders which were non-trade related, unsecured and interest free for the two years ended 31 December 2017 and the four months ended 30 April 2017. The advances were measured at amortised cost using effective interest rate of 12.0% per annum during the Track Record Period. As the amounts due from shareholders were settled in full in January 2018, no imputed interest income was recognised during the four months ended 30 April 2018; (ii) government grant and subsidies, which mainly include wage credits granted under the Wage Credit Scheme, payments under the Productivity and Innovation Credit Scheme whereby the Singapore Government aims to encourage and facilitate Singapore-registered business to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity, and payments under the Mechanisation Credit Scheme whereby the Singapore Government helps to defray the cost incurred in technology adoption by companies to improve productivity for their construction projects and reimbursement from the Singapore Government on the salaries of our employees who attended the national service training; (iii) engineering service income from subcontractors for the two years ended 31 December 2017 and the four months ended 30 April 2017; (iv) rental income derived from leasing of our industrial building unit at 32 Toh Guan Road East to a third party and leasing of lorry crane and equipment to our subcontractors; and (v) sundry income, which includes sales of scrap metals, interest earned on bank deposits, insurance compensation, and other sundry income.

Other gains or losses

	For the year ended 31 December		For the four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Loss from changes in fair value of investment properties	(126)	(20)	—	—
Compensation expenses	—	(2,941)	—	(1,198)
Compensation income from insurance company	—	2,941	—	1,198
	(126)	(20)	—	—

During the Track Record Period, our other gains or losses comprised: (i) loss from changes in fair value of investment properties located at 32 Toh Guan Road East during the two years ended 31 December 2017; (ii) compensation expenses which represent our Group's payments of claim arising from loss and damage to property in relation to an accidental fire incident at the work site of a project in May 2017 ("**Claims**"). An amount of approximately S$1.5 million and S$1.1 million was paid to the relevant employees and subcontractors during the year ended 31 December 2017 and the four months ended 30 April 2018 respectively. The remaining balance of approximately S$1.4 million and S$1.5 million is included in insurance claims payables as at 31 December 2017 and as at 30 April 2018 respectively; and (iii) compensation income from insurance company which represents the compensation income from an insurance company in relation to the Claims. An amount of S$0.1 million and S$2.2 million was received during the year ended 31 December 2017 and the four months ended 30 April 2018 and the remaining balance of S$2.8 million and S$1.8 million was included in insurance claims receivables as at 31 December 2017 and 30 April 2018 respectively. Our Group has received the compensation amount of S$1.0 million in July 2018.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended 31 December		For the four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Staff costs	2,614	2,629	1,228	953
Travelling expenses	490	522	178	70
Depreciation	555	503	153	162
Foreign worker levies	207	227	67	85
Legal & professional fees	120	292	58	33
Rental expenses	101	112	39	88
Telecommunication expenses	137	143	48	7
Other miscellaneous expenses	689	695	224	720
Total administrative expenses	4,913	5,123	1,995	2,118

Our administrative expenses amounted to approximately 8.9%, 5.1%, 5.8% and 5.5%, respectively of our total revenue for the two years ended 31 December 2017 and the four months ended 30 April 2017 and 2018.

Staff costs included directors' remuneration and CPF contribution, staff salaries, bonus and CPF contributions and other staff benefits. Travelling expenses mainly includes motor vehicle expenses and business trip expenses. Depreciation refers to depreciation of our property, plant and equipment which are not directly related to our projects. Foreign worker levies represented payments made to the MOM for the hiring of foreign workers in Singapore (refer to the section headed "Regulatory Overview — Employment of foreign manpower" in this prospectus for details, Rental expenses included rental for our head office (refer to the section headed "Business — Property interests — Leased properties" in this prospectus for details). Other miscellaneous expenses include utilities expenses, insurance for our staff, printing and postage expenses.

Finance costs

Finance costs comprise mainly interest expenses on borrowings from bank and financial institutions and finance leases for certain motor vehicles, plant and machinery and office equipment.

Income tax expense

Since our operations are based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore (refer to the section headed "Regulatory Overview — Singapore taxation" in this prospectus for details). Our income tax expense amounted to approximately S$0.2 million and S$1.2 million for the two years ended 31 December 2017, and approximately S$0.4 million and S$0.3 million for the four months ended 30 April 2017 and 2018 respectively.

The statutory corporate tax rate in Singapore throughout the Track Record Period was 17.0%, while our corresponding effective tax rate was 11.3% and 18.7%, 19.1% and –258.9% respectively for the two years ended 31 December 2017 and the four months ended 30 April 2017 and 2018. The taxation for the years can be reconciled to the profit before taxation as below:

	For the year ended 31 December		For the four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Profit/(loss) before tax (from continuing operations)	1,369	6,385	2,280	(124)
Tax at Singapore corporate Tax rate of 17%	233	1,085	388	(21)
Tax effect of expenses not deductible for tax purpose	80	149	73	365
Tax effect of income not taxable for tax purpose	(27)	(7)	(20)	—
Effect of tax concession	(141)	(46)	(17)	(37)
Others	10	16	11	14
Income tax expense for the year/ period (from continuing operations)	155	1,197	435	321

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Our revenue increased by approximately S$45.9 million or approximately 83.5%, from approximately S$54.9 million for the year ended 31 December 2016 to approximately S$100.8 million for the year ended 31 December 2017. The increase in our revenue was mainly attributable to:

(i) the substantial increase in work done in our ongoing building and infrastructure project, namely Project Park, in the public sector during the year, contributing to an increase in revenue by approximately S$23.9 million, from approximately S$4.1 million during the year ended 31 December 2016 to approximately S$28.0 million during the year ended 31 December 2017;

(ii) the increase in revenue contributed by a completed building and infrastructure project, namely Project Recreation Centre, by approximately S$15.7 million, from approximately S$2.5 million during the year ended 31 December 2016 to approximately S$18.2 million during the year ended 31 December 2017;

(iii) the continuing work progress in our ongoing building and infrastructure project, namely Project International School, in the private sector during the year, contributing to an increase in revenue by approximately S$14.9 million, from approximately S$23.3 million during the year ended 31 December 2016 to approximately S$38.2 million during the year ended 31 December 2017; and

(iv) commencement and work done on three term contract works during the year ended 31 December 2017, which contributed approximately S$6.6 million to our revenue for the year ended 31 December 2017.

These effects of the above were partially offset by the decrease in revenue generated from two building and infrastructure projects, namely Project Industrial and Project Offshore, and one interior decoration project, Project Amenity Centre, all of which were completed during the financial year ended 31 December 2016.

Aside from the aforementioned projects, there were increases and decreases in revenue recognised from our projects due to the varying amounts of works performed in different financial years. See the section headed "Business — Our projects" in this prospectus for details.

Costs of services

Our costs of services increased by approximately S$40.8 million or 83.3% from approximately S$49.0 million for the year ended 31 December 2016 to approximately S$89.8 million for the year ended 31 December 2017. The increase in our costs of services was primarily attributed by:

(i) our subcontracting costs increased by approximately S$31.9 million or 109.5%, from approximately S$29.2 million during the year ended 31 December 2016 to approximately S$61.1 million during the year ended 31 December 2017, and represented approximately 59.5% and 68.0% of the costs of services for the respective years. The increase in subcontracting costs was mainly (i) in line with the increase in revenue contributed by building and infrastructure works, and (ii) due to the commencement of term contract works secured in the year ended 31 December 2017, which were more subcontractor-intensive;

(ii) our materials costs increased by approximately S$7.2 million or 85.1%, from approximately S$8.5 million during the year ended 31 December 2016 to approximately S$15.8 million during the year ended 31 December 2017 which was generally in line with our increase in revenue; and

(iii) our staff costs increased by approximately S$0.7 million or 34.8%, from approximately S$2.1 million during the year ended 31 December 2016 to approximately S$2.8 million during the year ended 31 December 2017 and our overheads increased by approximately S$1.0 million or 10.4%, from S$9.2 million during the year ended 31 December 2016 to S$10.2 million during the year ended 31 December 2017. The increase in our staff costs and overheads were mainly attributed to our business growth, but to a smaller extent than the increase in revenue in the corresponding period as we engaged more subcontracting services to cater for the increased works delivered during the year ended 31 December 2017.

Gross profit and gross profit margin

Our gross profit increased by approximately S$5.0 million or 84.8% from approximately S$6.0 million for the year ended 31 December 2016 to approximately S$11.0 million for the year ended 31 December 2017. Our gross profit margin was largely consistent for the two years ended 31 December 2017 at approximately 10.8% and 10.9% respectively.

The increase in gross profit was mainly driven by the following factors:

(i) Increase in contribution to gross profit and decrease in gross profit margin for public sector building and infrastructure projects

The gross profit from public sector building and infrastructure projects increased by approximately S$2.1 million, from approximately S$2.2 million for the year ended 31 December 2016 to approximately S$4.3 million for the year ended 31 December 2017. The increase in the gross profit figure is largely due to the revenue generated from Project Recreation Centre and Project Park, which contributed revenue of approximately S$18.2 million and S$28.1 million for the year ended 31 December 2017. These projects had a gross profit margin in the year ended 31 December 2017 of approximately 7.2% and 10.7% respectively.

The gross profit margin for public sector building and infrastructure projects for the year ended 31 December 2017 decreased by approximately 7.6%, from approximately 16.8% in the year ended 31 December 2016 to approximately 9.2% for the year ended 31 December 2017. This was due to the completion of Project Offshore in September 2016, which had a gross profit margin of approximately 27.7% for the year ended 31 December 2016.

(ii) Increase in contribution to gross profit and increase in gross profit margin for private sector building and infrastructure projects

The gross profit from private sector building and infrastructure projects increased by approximately S$3.1 million, from approximately S$1.1 million for the year ended 31 December 2016 to approximately S$4.2 million for the year ended 31 December 2017. The gross profit margin for private sector building and infrastructure projects for the year ended 31 December 2017 increased by approximately 7.4%, from approximately 3.7% for the year ended 31 December 2016 to approximately 11.1% for the year ended 31 December 2017.

The increase in the gross profit and the gross profit margin was largely due to costs incurred earlier on for Project International School, which recorded only a 3.0% gross profit margin for the year ended 31 December 2016. This project recorded a gross profit margin of 11.1% for the year ended 31 December 2017. The increase in gross profit margin was due to large variation orders secured during the year ended 31 December 2017.

(iii) Decrease in contribution to gross profit and decrease in gross profit margin for public sector interior decoration projects

The gross profit from public sector interior decoration projects decreased by approximately S$0.7 million, from approximately S$0.7 million for the year ended 31 December 2016 to a gross loss of approximately S$11,000 for the year ended 31 December 2017. The gross profit margin for

public sector interior decoration projects also decreased by approximately 17.0%, from approximately 16.6% for the year ended 31 December 2016 to -0.4% for the year ended 31 December 2017.

This was mainly attributable to the completion of Project Amenity Centre in April 2016, which had a profit margin of approximately 16.6% for the year ended 31 December 2016 as it was an offshore project, which relatively fewer main contractors tendered for, thus a higher gross profit margin was obtained. The negative gross profit margin of approximately 0.4% for the year ended 31 December 2017 was attributable to the commencement of Project Library in August 2017. This project is secured at a relatively thin expected profit margin for the reason of establishing a track record of future public projects with similar services scope. Due to certain additional upfront costs incurred for certain minor works performed out of goodwill, such as painting of doors, dismantling and erection of shelves with the objective to establish relationship with this customer as this was the first project we had with this government statutory board, the project was estimated to record a minimal negative gross profit margin of 0.4% based on revised budget as at 31 December 2017 after taken into consideration of the additional cost. As at 31 December 2017, the project reached the stage of completion of 76.8%, revenue and cost recognised for the year ended 31 December 2017 was approximately S$3,070,000 and S$3,081,000 respectively, resulted in negative gross profit of approximately S$11,000. However, over the duration of Project Library, our Group was awarded with additional variation order of approximately $0.5 million in January 2018 and the projects works have been substantially completed during the period ended 30 April 2018. The project had generated revenue of approximately S$1,428,000 (including the additional revenue attributed to the variation order) and incurred cost of approximately S$1,383,000 which resulted in gross profit of approximately S$45,000 for the period ended 30 April 2018. The gross profit margin of 3.2% was achieved in this project for the period ended 30 April 2018 due to optimum use of manpower by sharing of workers between projects and resources, which is expected to cover the cost overruns due to work performed out of goodwill during the preliminary stage of the project.

(iv) Increase in contribution to gross profit and increase in gross profit margin for private sector interior decoration projects

The gross profit from private sector interior decoration projects increased by approximately S$0.2 million, from approximately S$1.9 million for the year ended 31 December 2016 to approximately S$2.1 million for the year ended 31 December 2017. The gross profit margin for private sector interior decoration projects also increased by approximately 7.9%, from approximately 27.8% for the year ended 31 December 2016 to approximately 35.7% for the year ended 31 December 2017. This was mainly attributable to Project Senior(1) and Project Healthcare. The higher gross profit and higher gross profit margin were due to the application of value engineering achieved through our optimal use of manpower and site management.

Note:

(1) Project Senior was completed during the Track Record Period with contract value less than S$5.0 million.

(v) Commencement of term contract works during the year ended 31 December 2017

Term contract works contributed approximately S$6.6 million of revenue and S$0.3 million of gross profit for the year ended 31 December 2017. Term contracts are solely made with customers in the public sector. The gross profit margin for the three term contract projects range from approximately 5.9% to approximately 20.3%, depending on the scope of work.

Other income

Our other income increased by approximately S$0.1 million or 11.9%, from approximately S$0.9 million for the year ended 31 December 2016 to S$1.0 million for the year ended 31 December 2017. This was mainly due to (i) an increase of approximately S$39,000 in the imputed interest income on amounts due from shareholders for the year ended 31 December 2017; (ii) an increase of approximately S$79,000 in service income for the year ended 31 December 2017; and (iii) an increase of approximately S$66,000 in rental income for the year ended 31 December 2017. This was offset by a decrease of approximately S$0.1 million in government grants and subsidies in the year ended 31 December 2017 due to lower amounts received under the BCA grant scheme.

Administrative expenses

Our administrative expenses increased by approximately S$0.3 million or 5.4%, from approximately S$5.1 million for the year ended 31 December 2016 to approximately S$5.4 million for the year ended 31 December 2017. This increase was mainly due (i) an increase in legal and professional fees incurred in relation to ISO audit, insurance claims and other project-related claims; and (ii) an increase in bank charges in relation to new bank loans and banking facilities secured during the year ended 31 December 2017.

Discontinued operations

On 31 December 2017, our Group entered into a sale agreement to dispose of a subsidiary, Advanced Engineering, which carried out the manufacturing and repairing business. The disposal was completed on 31 December 2017, on which date control of Advanced Engineering passed to the acquirer.

We recorded a recognised profit of approximately S$43,000 for the year ended 31 December 2016 and a recognised loss of approximately S$0.4 million for the year ended 31 December 2017 from the discontinued manufacturing and repairing business.

Income tax expense

Our income tax expense increased from approximately S$0.2 million for the year ended 31 December 2016 to S$1.2 million for the year ended 31 December 2017. Our effective tax rate increased from approximately 11.3% for the year ended 31 December 2016 to approximately 18.7% for the year ended 31 December 2017 as we had more qualifying expenses for tax concession for the year ended 31 December 2016. These mainly included approximately S$57,000 and S$0.2 million for training expenses and leasing of information technology and automation equipment respectively, which qualify for tax deductions under the Productivity and Innovation Credit Scheme.

Profit for the year

Our profit for the year increased by approximately S$3.5 million or 281.3%, from approximately S$1.3 million for the year ended 31 December 2016 to approximately S$4.8 million for the year ended 31 December 2017. This was mainly attributable to the increase in revenue, while increase in administrative expenses remained relatively stable as explained above.

Four months ended 30 April 2018 compared to four months ended 30 April 2017

Revenue

Our revenue increased by approximately S$4.0 million or approximately 11.6%, from approximately S$34.5 million for the four months ended 30 April 2017 to approximately S$38.5 million for the four months ended 30 April 2018. The increase in our revenue was mainly attributable to:

(i) The increase in revenue amounted to approximately S$6.6 million contributed from term contracts, which was mainly due to more works performed for Project Government Centres, as well as the commencement of Project Park Connector during the four months ended 30 April 2018 compared to the four months ended 30 April 2017; and

(ii) The increase in revenue contributed from our public building and infrastructure projects, including Project Park, Project Residentials and Project Housing from approximately S$5.0 million for the four months ended 30 April 2017 to approximately S$14.3 million for the four months ended 30 April 2018.

The effects of the above were partially offset by:

(i) The decrease in revenue of approximately S$7.5 million generated by Project Recreation Centre, a public building and infrastructure project during the four months ended 30 April 2018 as the project was completed in December 2017; and

(ii) The decrease in revenue of approximately S$3.9 million generated by Project International School, a private building and infrastructure project, as the project works were substantially completed during the four months ended 30 April 2018.

Aside from the aforementioned projects, there were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial years/period. See the section headed ''Business — Our projects'' in this prospectus for details.

Costs of services

Our costs of services increased by approximately S$4.1 million or 13.4% from approximately S$30.6 million for the four months ended 30 April 2017 to approximately S$34.7 million for the four months ended 30 April 2018. The increase in our costs of services was primarily attributed by:

(i) our subcontracting costs increased by approximately S$2.0 million or 9.0%, from approximately S$22.2 million during the four months ended 30 April 2017 to approximately S$24.2 million during the four months ended 30 April 2018, and represented approximately

72.7% and 69.8% of the costs of services for the respective periods. The increase in subcontracting costs was mainly due to the commencement of term contract works secured in the four months ended 30 April 2018;

(ii) our materials costs increased by approximately S$0.5 million or 10.4%, from approximately S$4.8 million during the four months ended 30 April 2017 to approximately S$5.3 million during the four months ended 30 April 2018 which was generally in line with our increase in revenue; and

(iii) our overheads increased by approximately S$1.6 million or 64.0%, from S$2.5 million during the four months ended 30 April 2017 to S$4.1 million during the four months ended 30 April 2018. The increase in overheads was mainly attributed to the increase in rental of equipment by S$0.3 million, staff overheads by S$0.5 million and other preliminary project overheads by S$0.5 million for Project Park and Project International School during the four months ended 30 April 2018.

Gross profit and gross profit margin

Our gross profit was largely stable at approximately S$4.0 million and S$3.8 million for the four months ended 30 April 2017 and 2018 respectively. Our gross profit margin slightly decreased from approximately 11.4% to approximately 10.0% for the four months ended 30 April 2017 and 2018 respectively.

The decrease in gross profit margin was mainly due to the following factors:

(i) Decrease in contribution to gross profit and gross profit margin for interior decoration projects

The gross profit from interior decoration projects for the four months ended 30 April 2018 was approximately S$0.5 million, which was approximately S$0.7 million lower than the S$1.2 million recorded during the four months ended 30 April 2017. The gross profit margin was also lowered by approximately 18.0% for the four months ended 30 April 2018, at approximately 18.5% compared to approximately 36.5% for the four months ended 30 April 2017. This is largely caused by the completion of Project Senior in May 2017 with a contract value of approximately S$3.8 million for a project duration of approximately nine months. During the four months ended 30 April 2017, Project Senior contributed revenue of approximately S$1.6 million and approximately S$0.8 million to the gross profit and had a gross profit margin of approximately 49.2%. The high profit margin was achieved through invited tenders based on our experience involved in Project Healthcare.

(ii) Partially offset by the increase in contribution to gross profit and gross profit margin for term contracts

Gross profit margin contributed from term contract projects increased from S$0.1 million for the four months ended 30 April 2017 to S$0.8 million for the four months ended 30 April 2018. This is due to work performed for Project Park Connector during the four months ended 30 April 2018 which contributed approximately S$0.5 million to the gross profit, with gross profit margin of approximately 11.4% to the gross profit margin. In addition, more work undertaken for Project

Government Centres during the four months ended 30 April 2018 yielded a contribution of approximately S$0.2 million to the gross profit for the four months ended 30 April 2018, with gross profit margin of approximately 5.7% to the gross profit margin.

Other income

Our other income decreased by approximately S$0.2 million or 50.0%, from approximately S$0.4 million for the four months ended 30 April 2017 to approximately S$0.2 million for the four months ended 30 April 2018. The decrease was mainly due to (i) a decrease of approximately S$0.1 million in the imputed interest income on amounts due from shareholders, as the amounts due from shareholders were fully repaid in January 2018; (ii) a decrease of approximately S$0.2 million in engineering service income for the four months ended 30 April 2018. This was offset by an increase of approximately S$79,000 in sundry income contributed by higher sales of scrap materials during the four months ended 30 April 2018 and increase of approximately S$41,000 rental income received during the four months ended 30 April 2018.

Administrative expenses

Our administrative expenses was relatively stable at approximately S$2.0 million and S$2.1 million for the four months ended 30 April 2017 and 2018, respectively. The slight increase was mainly attributable to an impairment loss recognised in respect of trade receivables of S$141,000 during the four months ended 30 April 2018.

Income tax expenses

Our income tax expense decreased from approximately S$0.4 million for the four months ended 30 April 2017 to S$0.3 million for the four months ended 30 April 2018. Our effective tax rate changed from approximately 19.1% for the four months ended 30 April 2017 to approximately -258.9% for the four months ended 30 April 2018 which was primarily attributable to our loss before taxation resulted from the amount of approximately S$2.0 million incurred for listing fees which are non-deductible for tax purpose.

Finance costs

Our finance costs was largely consistent at approximately S$0.1 million for the four months ended 30 April 2017 and 2018.

Profit/(loss) for the period

Our loss for the four months ended 30 April 2018 was approximately S$0.4 million, which was approximately S$2.0 million lower than that of the profit recorded for the four months ended 30 April 2017. This was largely driven by the listing expenses of approximately S$2.0 million incurred during the four months ended 30 April 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from internally-generated funds from our operations and borrowings during the Track Record Period. Our primary uses of cash are for payments to subcontractors, suppliers, employees and working capital needs. Upon Listing, our source of funds will be a combination of internally-generated funds, borrowings, and net proceeds from the Share Offer.

Cash flows

The following table sets forth a summary of our combined statements of cash flows for the years indicated:

	For the year ended 31 December		For the four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Net cash (used in)/generated from operating activities	(3,177)	(1,974)	22	7,776
Net cash (used in)/generated from investing activities	(1,751)	1,117	(855)	(193)
Net cash (used in)/generated from financing activities	(1,189)	3,078	3,578	(4,861)
Net (decrease)/increase in cash and cash equivalents	(6,117)	2,221	2,745	2,722
Cash and cash equivalents at beginning of the year/period	5,807	(310)	(310)	1,911
Cash and cash equivalents at end of the year/period	(310)	1,911	2,435	4,633

We had a negative cash and cash equivalents of approximately S$0.3 million as at 31 December 2016, which represented bank balances and cash of approximately S$0.6 million, netted off with bank overdrafts of approximately S$0.9 million. The balance of bank overdrafts as at 31 December 2016 was mainly utilised for settling some of our costs (including costs of labours, supplies and/or subcontracting services) due to, among other things, mismatches in time between receipt of progress payments from our customers and payments to our subcontractors and suppliers on two projects, namely Project International School and Project Park, during the last quarter of 2016.

Operating activities

Our operating cash inflow is primarily derived from our business operation of provision of project works in building and infrastructure projects, interior decoration works, and term contracts projects, whereas our operating cash outflow mainly includes payments for subcontracting costs, purchase of materials, staff costs, as well as other working capital needs. During the Track Record Period, the differences between our profit before taxation and our net cash from operating activities were mainly due to the amount and timing of receipts from our customers and the amount and timing of payments to our suppliers and subcontractors.

For the year ended 31 December 2016, our net cash used in operating activities of approximately S$3.2 million was primarily a combined result of operating cash inflow before movements in working capital of approximately S$3.3 million and change in working capital of approximately S$6.5 million. Operating cash inflow before movements in working capital mainly represented profit before tax of approximately S$1.4 million, adjusted by an aggregated net amount of S$1.9 million on items which mainly includes depreciation, imputed interest income on amounts due from shareholders and finance costs. Movements in working capital mainly reflected the decrease in trade and other payables of approximately S$4.9 million due to our Company's effort to settle the payables faster in 2016 and increase in contract assets of approximately S$6.2 million, partially offset by the decrease in trade receivables of approximately S$3.9 million and increase in contract liabilities of S$0.7 million.

For the year ended 31 December 2017, our net cash used in operating activities of approximately S$2.0 million was a combined result of operating cash inflow before movements in working capital of approximately S$7.5 million and change in working capital of approximately S$9.5 million. Operating cash inflow before movements in working capital mainly represented profit before tax from continuing operations of approximately S$6.0 million, adjusted by an aggregated net amount of approximately S$1.4 million on items which mainly includes depreciation, gain on disposal of a subsidiary, imputed interest income on amount due from shareholders and finance costs. Movements in working capital primarily reflected increase in trade and other payables of approximately S$7.8 million, and partially offset by increase in (i) contract assets of approximately S$9.7 million as certain cost incurred for works related to variation order in late 2017 for Project International School was only subsequently billed in 2018 as variation order works usually take longer to be certified by the client; (ii) deposits, prepayments and other receivables of approximately S$6.0 million which was mainly attributable to the outstanding balances on (a) the prepayments made to subcontractor for Project Housing, as we were required to provide a downpayment to the major subcontractors for the indent of some materials and (b) the insurance claims receivables as at the year ended 31 December 2017 of approximately S$2.8 million from a fire incident occurred at a project site as discussed under paragraph headed "Financial Information — Other gains or losses"; and (iii) trade receivables of approximately S$1.6 million.

For the four months ended 30 April 2017, our net cash generated from operating activities of approximately S$0.2 million was a combined result of operating cash inflow before movements in working capital of approximately S$2.5 million and change in working capital of approximately S$2.3 million. Operating cash inflow before movements in working capital mainly represented profit before tax

of approximately S$2.0 million, adjusted by an aggregated net amount of approximately S$0.5 million on items which mainly includes depreciation, imputed interest income on amounts due from shareholders and finance costs. Movements in working capital mainly reflected:

(i) the increase in the trade receivables of approximately S$1.6 million, mainly due to increased in claim to Project Recreation Centre of approximately S$2.0 million settled in May 2017;

(ii) the increase in the deposits, prepayments and other receivables of approximately S$1.8 million;

(iii) the increase in contract assets and the decrease in contract liabilities of approximately S$2.4 million in aggregate; and

(iv) the increase in the trade and other payables of approximately S$3.3 million.

For the four months ended 30 April 2018, our net cash generated from operating activities of approximately S$7.8 million was a combined result of operating cash inflow before movements in working capital of approximately S$0.6 million and change in working capital of approximately S$7.2 million. Operating cash inflow before movements in working capital mainly represented a loss before tax from continuing operations of approximately S$0.1 million, adjusted by an aggregated net amount of approximately S$0.6 million on items which mainly include depreciation, loss on disposal of property, plant and equipment, impairment loss recognised in respect of trade receivables and finance costs. Movements in working capital primarily reflected:

(i) the decrease in the trade receivables of approximately S$4.2 million largely due to prompt settlement by our customer in Project Park;

(ii) the decrease in deposits, prepayments and other receivables of approximately S$1.1 million, largely due to the decrease in other receivables of S$1.8 million due to settlement of amounts due from Advanced Engineering during the four months ended 30 April 2018;

(iii) the increase in the contract assets and decrease in contract liabilities of approximately S$1.6 million in aggregate; and

(iv) the increase in the trade and other payables of approximately S$3.5 million, largely attributable to the commencement of Project Park Connector and increase in work performed in relation to Project Housing, Project Residential and Project Park.

Investing activities

Our cash used in investing activities are primarily for the purchase of property, plant and equipment, and the purchase of life insurance policy. Our cash generated from investing activities are primarily from the proceeds from disposal of property, plant and equipment, repayment from shareholders and withdrawal of pledged deposits.

For the year ended 31 December 2016, our net cash used in investing activities mainly represented purchases of property, plant and equipment of approximately S$1.2 million, and advance to shareholders of approximately S$0.7 million.

For the year ended 31 December 2017, our net cash generated from investing activities mainly represented repayment from shareholders of approximately S$0.9 million and proceeds from disposal of property, plant and equipment of S$0.6 million.

For the four months ended 30 April 2017, our net cash used in investing activities mainly represented purchases of property, plant and equipment of approximately S$0.2 million and advance to shareholders of approximately S$0.6 million.

For the four months ended 30 April 2018, our net cash used in investing activities mainly represented purchases of property, plant and equipment of approximately S$1.2 million and placements of fixed deposits of approximately S$0.2 million. These were partially offset by the proceeds from disposal of property, plant and equipment of approximately S$74,000, a repayment of the advance to shareholders of approximately S$0.2 million, and proceeds from the disposal of an investment property approximately S$0.9 million.

Financing activities

For the two years ended 31 December 2017, our net cash generated from financing activities mainly included (i) repayment of borrowings; (ii) repayment of obligations under finance leases; (iii) proceeds from new bank loans raised; and (iv) an increase in bills payables of approximately S$5.2 million; and (v) interest paid to banks and financial institutions from bank borrowings and obligations under finance leases.

For the four months ended 30 April 2017, our net cash generated from financing activities included (i) interest paid to banks and financial institutions from bank borrowings and obligations under finance leases; (ii) repayment of obligations under finance leases of approximately S$0.2 million; (iii) an increase in bills payables of approximately S$4.5 million; and (iv) repayment of bank borrowings of approximately S$0.6 million.

For the four months ended 30 April 2018, our net cash used in financing activities included (i) interest paid to banks and financial institutions from bank borrowings and obligations under finance leases; (ii) repayment of obligations under finance leases of approximately S$0.4 million; (iii) repayment of bank borrowings of approximately S$1.5 million; and (iv) repayment of bills payables of approximately S$2.8 million.

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources and banking facilities presently available to our Group, cash generated from our operation, and the estimated net proceeds to be received by us from the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

NET CURRENT (LIABILITIES)/ASSETS

The following table sets forth a breakdown of our Group's current assets and liabilities as at the dates indicated below:

	As at 31 December		As at 30 April	As at 31 August
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Current assets				
Inventories	175	—	—	—
Trade receivables	11,724	12,020	7,680	6,524
Deposits, prepayments and other receivables	503	8,274	7,171	8,541
Contract assets	15,865	25,588	26,527	29,635
Amounts due from shareholders	4,232	243	—	—
Pledged bank deposits	700	704	906	801
Bank balances and cash	554	2,762	4,633	1,780
	33,753	49,591	46,917	47,281
Asset classified as held for sale	—	925	—	—
	33,753	50,516	46,917	47,281
Current liabilities				
Trade and other payables	23,321	29,897	33,366	33,160
Bills payables	9,182	14,395	11,548	11,526
Contract liabilities	907	782	91	213
Amount due to a director	—	—	—	—
Obligations under finance leases	666	648	505	454
Borrowings	2,158	1,723	279	284
Income tax payable	—	10	325	325
	36,234	47,455	46,114	45,962
Liabilities associated with assets classified as held-for-sale	—	674	—	—
	36,234	48,129	46,114	45,962
Net current (liabilities)/assets	(2,481)	2,387	803	1,319

Our net current liabilities position of approximately S$2.5 million as at 31 December 2016 has improved to a net current assets position of approximately S$2.4 million as at 31 December 2017 primarily due to the increase in our trade receivables, contract assets and bank balances and cash generated from our profitable operations during the year.

Our Group's net current liabilities position as at 31 December 2016 was mainly attributable to (i) the lower position of contract assets, which was mainly due to the combined effect of less on-going projects as at 31 December 2016, and some projects with relatively large contract value were still at an early stage; (ii) the purchase of plant and equipment by cash settlement amounted to approximately S$1.2 million in 2016; and (iii) the short-term loan drawn for working capital of approximately S$2.2 million and bills payables utilised for financing our cost of services of approximately S$9.2 million.

Our Group's net current assets position decreased from approximately S$2.4 million as at 31 December 2017 to approximately S$0.8 million as at 30 April 2018 was mainly due to listing expenses incurred of approximately S$2.0 million during the four months ended 30 April 2018.

The amount due to a director of approximately S$0.4 million as at 30 June 2018 was settled in August 2018.

DISCUSSION ON SELECTED BALANCE SHEET ITEMS

Trade receivables

Our trade receivables as at 31 December 2016 and 2017 and as at 30 April 2018 were approximately S$11.7 million, S$12.0 million and S$7.7 million respectively, of which a breakdown is set out below:

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Trade receivables	9,501	9,262	5,895
Less: Allowance for doubtful debt	—	—	(141)
	9,501	9,262	5,754
Unbilled revenue	2,223	2,758	1,926
Total trade receivables	11,724	12,020	7,680

Trade receivables

Trade receivables were approximately S$9.5 million as at 31 December 2016 and approximately S$9.3 million as at 31 December 2017, which remained relatively consistent. Trade receivables as at 30 April 2018 were lower at approximately S$5.9 million, due mainly to prompt settlement of invoices related to Project Park.

The following table sets forth our trade receivables turnover days during the Track Record Period:

	For the year ended 31 December		For the four months 30 April
	2016	2017	2018
Trade receivables turnover days *(Note)*:			
— Public	72	26	21
— Private	74	46	29
— Average	73	34	24

Note: Trade receivables turnover days is calculated based on the average beginning and ending balance of trade receivables before allowance of doubtful debts (excluding unbilled revenue), divided by revenue during the year/period, then multiplied by the number of days of the year/period (365 days/120 days).

The credit period that we granted to customers generally ranged from 0 to 35 days from the invoice date for trade receivables. Our average trade receivables turnover days were approximately 73 days, 34 days and 24 days for the years ended 31 December 2016 and 2017, and for the four months ended 30 April 2018, respectively.

The turnover days of approximately 74 days from private sector for the year ended 31 December 2016 was significantly longer mainly due to Project Industrial, where collections varied between 45 and 81 days. Project Industrial was completed in February 2016, and most of the remaining invoices were settled in the year ended 31 December 2016. The turnover days of approximately 72 days from public sector for the year ended 31 December 2016 was significantly longer mainly due to invoice issued for Project Amenity Centre in December 2015 which was due and settled in January 2016. The turnover days for the year ended 31 December 2017 and for the four months ended 30 April 2018 decreased to approximately 34 days and 24 days respectively, largely due to higher revenue contributed by public sector projects, which enabled us to collect our progress claims promptly.

Movement in allowance for doubtful debts for years ended 31 December 2016 and 2017, i.e. movement in lifetime is set out below.

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
At the beginning of the year/period	—	—	—
Amounts charge to profit and loss	—	—	141
At the end of the year/period	—	—	141

All of the above impairment losses related to receivables arising from contracts with customers.

The movement for the four months period 30 April 2018, i.e. in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9. During the four months ended 30 April 2018, our Group recognised impairment loss of S$141,000 in relation to credit-impaired trade receivables.

The ageing analysis of trade receivables presented based on invoice dates is as follows:

	As at 31 December				As at 30 April	
	2016		2017		2018	
	Public	Private	Public	Private	Public	Private
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Within 30 days	2,085	5,704	5,620	2,459	2,558	3,087
31 days to 60 days	—	1,114	24	323	54	13
61 days to 90 days	—	5	—	414	4	5
Over 90 days	—	593	7	415	—	33
Total	2,085	7,416	5,651	3,611	2,616	3,138

The ageing analysis of trade receivables that are past due based on invoice date but not impaired is as follows:

	As at 31 December				As at 30 April	
	2016		2017		2018	
	Public	Private	Public	Private	Public	Private
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Past due within 30 days	—	1,079	23	386	54	171
31 days to 60 days past due	—	552	—	315	4	32
Over 60 days past due	—	597	7	829	—	143
Total	—	2,228	30	1,530	58	346

Up to the Latest Practicable Date, approximately 97.7% (or approximately S$5.6 million) of our trade receivables as at 30 April 2018 had been settled.

We review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts. As at 30 April 2018, trade receivables which were past due but not impaired was related to a number of independent third party customers that had good track records of credit with us. Having considered the background of the relevant customers and their past credit history and given the subsequent settlement shown in the above table, our Directors believe that, apart from those balances for which allowance for doubtful debts have been provided, no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. For our credit risk management, please refer to the section headed "Business — Risk management and internal control systems — Credit management" in this prospectus.

Unbilled revenue

Our unbilled revenue referred to accrued revenue for which the payment certifications were issued but billings had not been raised to the customers as at the respective year/period end dates. We recorded unbilled revenue of approximately S$2.2 million, S$2.8 million and S$1.9 million as at 31 December 2016 and 2017, and as at 30 April 2018 respectively. Up to the Latest Practicable Date, approximately 31.7% (or approximately S$0.6 million) of our unbilled revenue as at 30 April 2018 had been billed to our customers.

Deposits, prepayments and other receivables

The following table sets forth our deposits, prepayments and other receivables as at the dates indicated:

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Deposits	241	243	241
Prepayments	108	313	860
Prepayments to subcontractors	59	3,079	4,167
Insurance claims receivables	—	2,821	1,776
Other receivables	69	1,816	—
Others	26	2	127
	503	8,274	7,171

Our deposits, prepayments and other receivables increased significantly from approximately S$0.5 million as at 31 December 2016 to approximately S$8.2 million as at 31 December 2017 mainly due to (i) an increase in prepayments of approximately S$0.2 million due to prepaid listing expenses; and (ii) prepayment to a subcontractor of approximately S$3.1 million representing down payment for a public residential improvement project. Certain subcontractors require us to make advance payments in relation to project costs to be incurred for building and infrastructure work for public residential improvement projects. The advance payment is recovered on a progressive basis, with reference to the percentage of completion of the subcontractor's works. Hence, our Group has made an advance payment of 15.8% of the total contract sum awarded to the subcontractor for the residential project; (iii) an insurance claim receivable of approximately S$2.8 million from a fire incident occurred at a project site as discussed under paragraph headed "Other gains or losses" in this section for explanations; and (iv) increase in other receivables mainly represented amount due by Advanced Engineering which was fully settled in March 2018.

Our deposits, prepayments and other receivables decreased from approximately S$8.3 million as at 31 December 2017 to approximately S$7.2 million as at 30 April 2018 due to:

(i) an increase in prepayments of approximately S$0.5 million due to prepaid listing expenses;

(ii) an increase in prepayments to a subcontractor of approximately S$1.1 million mainly in relation to Project Park Connector. Up to the Latest Practicable Date, approximately 23.3%, or approximately S$1.0 million, of our total prepayments to subcontractors as at 30 April 2018 has been utilised;

(iii) a decrease in insurance claim receivable of approximately S$1.0 million. During the four months ended 30 April 2018, approximately S$2.2 million was received from the insurer. This was partially offset by additional claims payable of approximately S$1.2 million. Our Group has subsequently received the compensation claimed amounted to S$1.0 million in July 2018;

(iv) a decrease in other receivables of approximately S$1.8 million, representing the decrease in amounts due from Advanced Engineering that were fully settled in March 2018; and

(v) an increase in others of approximately S$0.1 million, mainly representing the consideration receivable for the disposal of a subsidiary, GK Development. This amount was fully received in May 2018.

Contract assets and liabilities

The contract assets primarily relate to our Group's right to consideration for work completed and not billed because the rights are conditioned on our Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of project works.

The contract liabilities primarily relate to our Group's obligation to transfer project works services to customers for which our Group has received consideration from the customers.

The following table sets out the contract assets and liabilities:

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Analysed for reporting purposes as:			
Contract assets	15,865	25,588	26,527
Contract liabilities	(907)	(782)	(91)
	14,958	24,806	26,436

Movements of contract liabilities as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
At the beginning of the year/period	224	907	782
Receipt from customers	11,687	6,076	1,825
Revenue recognised upon the provision of project works	(11,004)	(6,201)	(2,516)
At the end of the year/period	907	782	91

As at the Latest Practicable Date, approximately S$13.9 million or 71.7% of the contract assets and liabilities (excluding retention money of S$7.1 million) as at 30 April 2018 had been certified by our customers.

Retention money

A portion of the contract value, normally between 5.0% and 10.0%, is withheld by our private customers as retention money, of which half will typically be released upon substantial completion and the remaining released upon final completion (which is after the defect liability period, being usually between 12 and 18 months from the substantial completion date of the main contract or upon issuance of final completion certificate under the main contract). As at 31 December 2016 and 2017 and 30 April 2018, included in contract assets are retention money held by customers amounting to S$3.8 million, S$6.6 million and S$7.1 million respectively.

The retention money is to be settled at the end of each reporting period as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
On demand or within one year	980	622	441
After one year	2,786	5,958	6,668
	3,766	6,580	7,109

Our retention money increased from approximately S$3.8 million as at 31 December 2016 to approximately S$6.6 million as at 31 December 2017 and further increased to approximately S$7.1 million as at 30 April 2018, which was consistent with the increase in our accumulated work done in the private sector, in particular our retention receivable in relation to Project International School.

Retention money is unsecured, interest-free and half recoverable upon substantial completion and the remaining recoverable at the end of the defect liability period or upon final completion.

Our Directors considered that the ECL for contract assets is insignificant as at 30 April 2018.

Amounts due from shareholders

The amounts due from shareholders mainly represent an amount of approximately S$3.5 million due from Mr. Ho and Mr. Lim, our Directors and Controlling Shareholders. Those balances were non-trade related, unsecured, interest bearing at 12% per annum during the Track Record Period. Such balances were measured at amortised cost using effective interest rate of 12% per annum during the Track Record Period. The imputed interest income recognised in profit or loss for the years ended 31 December 2016 and 2017 was S$336,000 and S$375,000, respectively. The amount was fully settled by way of declaration of an interim dividend of approximately S$3.5 million during the year ended 31 December 2017.

The remaining balance of amounts due from directors of S$243,000 as at 31 December 2017 was fully settled in January 2018.

Pledged bank deposits

Our pledged bank deposits as at 31 December 2016 and 2017 were approximately S$0.7 million and S$0.7 million respectively. These pledged bank deposits represented fixed deposits with an original maturity of one to 12 months for the purpose of securing bank facilities as at 31 December 2016 and 2017. The balances carry interest rate ranging from 0.35% to 1.00% per annum as at 31 December 2016 and 2017 respectively. Our pledged bank deposits as at 30 April 2018 increased by approximately S$0.2 million to approximately S$0.9 million. The increase in pledged bank deposits represents a newly-placed fixed deposit with an original maturity of 12 months and carries interest rate of 0.5% per annum. This fixed deposit was placed for the purpose of securing bank facilities as at 30 April 2018. Please refer to Note 24 of the Accountants' Report in Appendix I to the prospectus for further details.

Trade and other payables

The following table sets out a breakdown of our trade and other payables as at the dates indicated:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Trade payables	11,321	16,265	15,958
Trade accruals	9,019	7,275	9,278
	20,340	23,540	25,236
Retention payables	1,503	3,788	4,195
Insurance claim payable	—	1,431	1,524
Goods and service tax payable	110	204	433
Other payables and accruals	1,368	934	1,978
	2,981	6,357	8,130
	23,321	29,897	33,366

Trade payables and trade accruals

Our trade payables mainly comprised payables to subcontractors and suppliers in relation to our provision of building and infrastructure projects, interior decoration projects, and term contracts. Trade payables increased from approximately S$11.3 million as at 31 December 2016 to approximately S$16.3 million as at 31 December 2017. The increase was consistent with the increase in our costs of services as we secured higher value contracts with larger scope of works which requires more purchase of materials and subcontracting works. Trade payables decreased from approximately S$16.3 million to approximately S$16.0 million as at 30 April 2018. The decrease was due to prompt settlements to suppliers during the four months ended 30 April 2018.

Trade accruals refer to cost of services related to our building construction projects which had been recognised but for which we had not yet received invoices from our subcontractors and suppliers as at 31 December 2016 and 2017 and 30 April 2018 respectively. Typically, such amounts arose when services had been rendered by our subcontractors or supplies had been delivered by our suppliers as at year end but we had not received invoices from them. Our trade accruals amounted to approximately S$9.0 million and S$7.3 million as at 31 December 2016 and 2017 respectively. The fluctuation was due to more prompt invoicing received from our suppliers during the year ended 31 December 2017. Trade accruals increased by approximately S$2.0 million to approximately S$9.3 million as at 30 April 2018. The increase was primarily due to the commencement of Project Park Connector and its work performed during the four months ended 30 April 2018.

The ageing analysis of trade payables based on the invoice date is as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Within 30 days	4,613	4,948	5,871
31 days to 60 days	3,916	5,888	4,360
61 days to 90 days	1,657	2,699	2,725
Over 90 days	1,135	2,730	3,002
Total	11,321	16,265	15,958

Up to the Latest Practicable Date, approximately 98.7% (or approximately S$15.7 million) of our trade payables as at 30 April 2018 had been settled.

We are usually offered by suppliers and subcontractors a credit period ranged from 30 to 90 days and 30 to 45 days, respectively. The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended 31 December		As at 30 April
	2016	2017	2018
Trade payables turnover days	81	56	56

Note: Trade payables turnover days is calculated based on the average beginning and ending balance of trade payables divided by the aggregate of subcontractor costs, material costs, staff costs and overheads classified under costs of services (see section headed "Financial Information — Principal components of combined statements of profit or loss — Costs of services") during the year/period, then multiplied by the number of days of the year/period (365 days/120 days).

Our trade payables turnover days decreased from approximately 81 days for the year ended 31 December 2016 to approximately 56 days for the year ended 31 December 2017 and remained stable at approximately 56 days for the four months ended 30 April 2018. The decrease in our trade payables turnover days during our Track Record Period was mainly due to prompt settlement to our suppliers and subcontractors by utilising certain project – specific banking facilities, which was mainly attributable to the utilisation of the banking facilities for Project International School and Project Park. During the year ended 31 December 2017 and the four months ended 30 April 2018, Project International School and Project Park had made significant work progress and contributed to a significant amount of our Group's revenue and the banking facilities for these two projects amounted to S$16.5 million and S$7.5 million, respectively. The utilised amount of the aforesaid banking facilities as at 31 December 2017 was approximately S$8.2 million, which allowed us to settle the trade payables in relation to Project International School and Project Park promptly for the year ended 31 December 2017.

Retention payables

A portion of the subcontract value, normally between 5.0% and 10.0% is withheld by us as retention money, of which half will be released upon completion of the subcontract works as certified by professional consultants and the remaining released after the defect liability period of the main contract (being usually between 12 and 18 months from substantial completion date of the main contract) or upon issuance of final completion certificate under the main contract. Our retention payables increased from approximately S$1.5 million as at 31 December 2016 to approximately S$3.8 million as at 31 December 2017, which was consistent with the increase in subcontracting costs during the year ended 31 December 2017.

Our retention payables increased from approximately S$3.8 million as at 31 December 2017 to approximately S$4.2 million as at 30 April 2018. This was attributable to the additional work completed in relation to Project International School and Project Park.

Other payables and accruals

Other payables and accruals (including accrued operating expenses, accrued CPF expenses and others, in aggregate) decreased from approximately S$1.4 million as at 31 December 2016 to approximately S$0.9 million as at 31 December 2017. The decrease was mainly due to lower accrued year-end performance bonus at management's discretion. Other payables and accruals as at 30 April 2018 increased to approximately S$2.0 million mainly attributable to listing expenses incurred.

INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated. As at 31 August 2018, being the latest practicable date for this indebtedness statement, save as disclosed below, we do not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenant related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 August 2018 and up to the date of this prospectus. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for material external debt financing.

The following table sets out our Group's indebtedness as at the respective dates:

	As at 31 December		As at 30 April	As at 31 August
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
				(unaudited)
Secured or guaranteed				
Borrowings	9,543	7,196	5,535	5,458
Obligations under finance leases	1,956	1,484	1,085	918
Bills payables	9,182	14,395	11,548	11,526
	20,681	23,075	18,168	17,902

Unutilised banking facilities

The table below summarises the details of our banking and other facilities as at 31 August 2018:

	Facility granted	Utilisation	Unutilised
	S$'000	*S$'000*	*S$'000*
Term loans	6,666	(6,666)	—
Bank overdraft, letters of guarantee, and trade facilities	14,800	(11,526)	3,274
	21,466	(18,192)	3,274

Borrowings, obligations under finance lease and bills payables

The following table sets out the breakdown of our Group's borrowings, obligations under finance lease, and bills payables as at the respective dates:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Non-current, secured or guaranteed			
Borrowings	7,385	5,473	5,256
Obligations under finance lease	1,290	836	580
	8,675	6,309	5,836
Current, secured or guaranteed			
Borrowings	2,158	1,723	279
Obligations under finance leases	666	648	505
Bills payables	9,182	14,395	11,548
	12,006	16,766	12,332
	20,681	23,075	18,168

Borrowings, secured or guaranteed

	As at 31 December		As at 30 April	As at 31 August
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Bank overdrafts	864	851	—	—
Bank loans	8,679	6,345	5,535	5,458
	9,543	7,196	5,535	5,458

Set out below is the maturity profile of our borrowing as at the respective years indicated:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Within one year	2,158	1,723	279
More than one year, but not exceeding two years	747	423	290
More than two years, but not exceeding five years	1,139	922	917
More than five years	5,499	4,128	4,049
	9,543	7,196	5,535

The borrowings mainly represent (i) bank overdrafts; and (ii) term loans and mortgage loans in relation to our current properties located at 32 Toh Guan Road East and 52 Tuas View Square, which were obtained to finance the purchase of such properties as well as our daily operations. Bank overdrafts of the Group are secured by joint and several personal guarantees by Mr. Ho and Mr. Lim, our Directors and Controlling Shareholders which will be fully released and/or replaced by corporate guarantees to be provided by our Company upon the Listing. The effective interest rates for the floating rate bank overdrafts ranged from 4.25% to 6.75% per annum as at 31 December 2016 and 2017 and 30 April 2018 respectively. The bank loans are variable-rate borrowings which carry interest at Singapore Interbank Offered Rate (''SIBOR'') plus 3.0% or 1.15% p.a. plus 1-month Cost of Funds of the bank for the two years ended 31 December 2017 and four months ended 30 April 2018. The bank loans are guaranteed by (i) joint and several personal guarantees given by Mr. Ho and Mr. Lim; and secured by (ii) pledged deposits; and/or (iii) our Group's properties with an aggregate carrying value of approximately S$13,690,000, S$11,025,000, S$12,250,000 and S$12,250,000 as at 31 December 2016 and 2017, 30 April 2018 and 31 August 2018, respectively and/or (iv) the properties of Advanced Engineering as at 31 December 2017. The personal guarantees will be replaced by corporate guarantees to be provided by our Company upon Listing. Further information regarding the repayment and security of term loans are set forth in Note 29 to the Accountants' Report set out in Appendix I of this prospectus.

Obligations under finance lease

As at 31 December 2016 and 2017, our total obligations under finance leases amounted to approximately S$2.0 million and approximately S$1.5 million respectively. As at 30 April 2018 and 31 August 2018, our total obligations under finance leases amounted to approximately S$1.1 million and S$0.9 million respectively. Please refer to Note 28 to the Accountants' Report set out in Appendix I of this prospectus for details of the present value of the minimum lease payments in respect of our obligations under finance leases.

Obligations under finance leases relate to our purchase of certain plant and machinery, office equipment, and motor vehicles by way of finance lease arrangement. Interest rates underlying all obligations under finance leases ranged from 1.5% and 3.0% per annum for the year ended 31 December 2016, and ranged from 1.9% to 4.1% per annum for the year ended 31 December 2017, and ranged from 1.8% to 4.0% per annum for the four months ended 30 April 2018.

The obligations under finance leases are secured by charge over the leased assets with aggregate carrying value of approximately S$3.0 million, S$2.7 million, S$1.8 million and S$1.7 million as at 31 December 2016 and 2017, 30 April 2018 and 31 August 2018 respectively. The finance leases are secured by joint and several personal guarantees of Mr. Ho and Mr. Lim, our executive Directors and Controlling Shareholders and will be repaid according to their repayment terms. The personal guarantees will be replaced by corporate guarantees to be provided by our Company upon Listing.

Bills payables

Bill payables bear interests ranging from 2.4% to 5.5% per annum, from 2.6% to 4.4% per annum and from 2.7% to 5.2% per annum in the two years ended 31 December 2017 and the four months ended 30 April 2018 respectively. They are guaranteed by joint and several personal guarantees by Mr. Ho and Mr. Lim, our Directors and Controlling Shareholders, which will be replaced by corporate guarantees to be provided by our Company upon Listing; and secured by (i) our Group's properties with an aggregate carrying value of approximately S$13,690,000, S$11,025,000, S$12,250,000 and S$12,250,000 as at 31 December 2016 and 2017, 30 April 2018 and 31 August 2018, respectively; (ii) financial asset at fair value through profit or loss with a carrying value of approximately S$328,000 as at 31 December 2016 and 2017, 30 April 2018 and 31 August 2018; and (iii) pledged deposits with an aggregate amount of approximately S$700,000, S$704,000, S$906,000 and S$801,000 as at 31 December 2016 and 2017, 30 April 2018 and 31 August 2018.

The bills payables mainly represent amounts payable in connection with the purchase of raw materials from various suppliers and sub-contractors.

The ageing analysis of the bill payables based on their issue dates are as follows:

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Within 30 days	1,437	6,079	2,387
31 days to 60 days	4,783	2,759	2,442
61 days to 90 days	2,157	3,683	3,272
Over 90 days	805	1,874	3,447
Total	9,182	14,395	11,548

Up to the Latest Practicable Date, approximately 100% (or approximately S$11.5 million) of our bill payables as at 30 April 2018 had been settled.

Contingent liabilities

As at 31 December 2016 and 31 December 2017 and as at 30 April 2018 and 31 August 2018, save for the outstanding performance bonds as set forth in Note 41 to the Accountants' Report set out in Appendix I of this prospectus, we have no contingent liabilities. The outstanding performance bonds as at 31 December 2016, 31 December 2017, 30 April 2018 and 31 August 2018 amounted to approximately S$13.0 million, S$15.4 million, S$15.4 million and S$15.3 million, respectively.

Capital commitments

As at the Latest Practicable Date, we have no capital commitments.

Operating lease commitments

The Group as lessee

Our Group leases two properties for our head office (see the section headed "Business — Property interest — Leased properties" in this prospectus) as well as certain office equipment under operating leases. The following table sets forth our future minimum rent payable under non-cancellable leases as at the end of the reporting periods as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Within one year	109	62	137
After one year but within five years	124	62	200
	233	124	337

The Group as lessor

Our Group's properties held have committed tenants for the next 2 years. The following table set forth our future minimum rent income receivable under contracts with tenants as at the end of the reporting period as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Within one year	22	147	98
After one year but within five years	4	—	—
	26	147	98

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures have principally consisted of expenditures on property, plant and equipment. We incurred cash flows on capital expenditures for the purchase of property, plant and equipment of approximately S$1.2 million and S$0.3 million for the two years ended 31 December 2017, and approximately S$1.2 million for the four months ended 30 April 2018.

KEY FINANCIAL RATIOS

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	(times)	*(times)*	*(times)*
Current ratio [(1)]	0.9	1.0	1.0
Gearing ratio [(2)]	2.4	2.1	1.7
Net debts to equity ratio [(3)]	2.2	1.8	1.2

	For the year ended 31 December		For the four months ended 30 April
	2016	**2017**	**2018**
	(%)	*(%)*	*(%)*
Gross profit margin [(4)]	10.8	10.9	10.0
Net profit margin [(5)]	2.3	4.8	(1.2)
Return on total assets [(6)]	2.3	7.3	N/A[(8)]
Return on equity [(7)]	14.4	43.9	N/A[(8)]

Notes:

(1) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

(2) Gearing ratio is calculated as total debts (borrowings, finance lease obligations, and bills payables) divided by total equity as at the respective reporting dates.

(3) Net debt to equity ratio is calculated by dividing total debts minus bank balances and cash and pledged bank deposits with total equity as at the end of the respective reporting dates.

(4) Gross profit margin is calculated as gross profit divided by revenue for the respective year/period multiplied by 100%.

(5) Net profit margin is calculated as profit for the year/period divided by revenue for the respective year/period multiplied by 100%.

(6) Return on total assets is calculated as profit for the year divided by the total assets as at the respective reporting dates for the respective year multiplied by 100%.

(7) Return on equity is calculated as profit for the year divided by the total equity as at the respective reporting dates for the respective year multiplied by 100%.

(8) Return on total assets and return on equity are calculated on a full year basis.

Current ratio

Our current ratio as at 31 December 2016 and 2017 and as at 30 April 2018 were relatively stable at 0.9, 1.0 and 1.0 time respectively.

Gearing ratio

Our gearing ratio as at 31 December 2016 and 2017 and as at 30 April 2018 decreased from 2.4 to 2.1 to 1.7 times respectively which was due to the increase in profit generated from operations.

Net debt to equity

Our net debt to equity was approximately 2.2 times and 1.8 times for the years ended 31 December 2016 and 2017 respectively. This is mainly due to an increase in retained profits as a result of the increase in our profit for the year from approximately S$1.3 million for the year ended 31 December 2016 to approximately S$4.8 million for the year ended 31 December 2017. Our net debt to equity reduced further to 1.2 times as at 30 April 2018 due to decrease in our total borrowings due to repayment.

Gross profit margin

Our gross profit margin was approximately 10.8%, 10.9% and 10.0% for the years ended 31 December 2016 and 2017 and the four months ended 30 April 2018 respectively. Please refer to the paragraph headed ''Review of historical results of operations'' in this section above for explanations.

Net profit margin

Our profit for the year margin increased from approximately 2.3% for the year ended 31 December 2016 to approximately 4.8% for the year ended 31 December 2017. Such was mainly due to the increase in our gross profit. Our net profit margin decreased to -1.2% for the four months ended 30 April 2018. This was mainly due to listing expenses of approximately S$2.0 million incurred by our Group during the four months ended 30 April 2018. The net profit margin for the four months ended 30 April 2018 would be approximately 4.0%, if excluding the non-recurring listing expenses of approximately S$2.0 million. Please refer to the paragraph headed ''Review of historical results of operations — Gross profit and gross profit margin'' in this section above for explanations.

Return on total assets

Our return on total assets increased from approximately 2.3% for the year ended 31 December 2016 to approximately 7.3% for the year ended 31 December 2017. Such increase was mainly due to the increase in our profit for the year from approximately S$1.3 million for the year ended 31 December 2016 to approximately S$4.8 million for the year ended 31 December 2017.

Return on equity

Our return on total equity increased from approximately 14.4% for the year ended 31 December 2016 to approximately 43.9% for the year ended 31 December 2017. Such increase was mainly due to the increase in our profit for the year from approximately S$1.3 million for the year ended 31 December 2016 to approximately S$4.8 million for the year ended 31 December 2017.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 34 to the Accountants' Report set out in Appendix I to this prospectus, our Directors confirm that each transaction set forth therein was conducted in accordance with the terms as agreed between us and the respective related parties, was conducted on an arm's length basis and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

ACCUMULATED LOSSES/PROFITS

Accumulated (losses)/profits

Our Group recorded accumulated losses of approximately S$1.3 million as at 1 January 2016 and S$0.1 million as at 31 December 2016 mainly due to the combined effect of the following factors:

(a) The accumulated losses incurred are mainly attributable to the thin gross profit margins recognised, and losses incurred on several projects due to unforeseen circumstances and/or contract extension as a result of changes, thereby increasing our costs. Unforeseen circumstances and errors or inaccurate estimations of project duration and costs arose due to the inherent risks involved in determining tender prices by estimating the construction costs under the contract duration as specified in the tender invitation documents. These may differ substantially upon project implementation. Many factors affect the time taken and the costs actually involved in completing construction projects undertaken. Examples of such factors include shortage and cost escalation of labour and materials, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, accidents, and changes in the government's policies. Other unforeseen problems or circumstances may also occur during project implementation.

    In addition, in the year immediately prior to the Track Record Period, we recorded a relatively low gross profit margin of approximately 4.3% as certain projects had lower profit margins and we faced losses on certain projects which the building types we had limited experience in, which resulted in an overall loss position with a net profit margin of approximately negative 6.1% as our operating expenses were not fully covered by the gross profit in the year.

    For instance, we completed a public institutional project for proposed neighbourhood renewal programme in 2015 which recorded a marginal gross loss of S$0.1 million. This was the first project which we were engaged by this particular government agent, and thus was undertaken with competitive tender with the objective to establish relationship for future opportunity which eventually resulted in us causing marginal loss in this project. The same customer has awarded us a project with similar scope of work in 2015 at contract value of S$6.8 million with expected profit margin of 13.0%; and

(b) Prior to 1 January 2016, we have declared and paid dividends which reduced the retained profits of our Group.

The accumulated losses have since improved during the year ended 31 December 2017 and we recorded accumulated profits position of approximately S$1.7 million as at 31 December 2017 due to profitable operations of our Group attributable to projects with higher profit margins undertaken during the two years ended 31 December 2017. Comparing to the overall gross profit margin of approximately 4.3% for the year ended 31 December 2015, the overall gross profit margin for our Group for the years ended 31 December 2016 and 2017 were improved to approximately 10.8% and 10.9%, respectively, which was mainly attributable to the following projects:

(i) Certain projects which were completed during the Track Record Period achieved a relatively high gross profit margin. For instance, Project Healthcare, Project Offshore and Project Amenity Centre generated an aggregated amount of revenue of approximately S$19.9 million with gross profit margin of approximately 35.6%, 34.9%, and 23.8%, respectively; and

(ii) Project International School and Project Park, our two largest ongoing projects during the Track Record Period, generated a substantial amount of revenue to our Group during the Track Record Period of approximately S$93.6 million in aggregate, with a considerable gross profit margin of approximately 13.3% and 14.8%, respectively.

The accumulated profits position decreased to approximately S$1.3 million as at 30 April 2018. The profits generated by the profitable operations of our Group was offset by the listing expenses incurred by our Group of approximately S$2.0 million during the four months ended 30 April 2018. Without the listing expenses, our net profit for the four months ended 30 April 2018 would have been approximately S$1.5 million, representing a net profit margin of approximately 4.0%.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 8 February 2018. As at 30 April 2018, our Company had no reserves available for distribution to our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION

Roma Appraisals Limited, an independent valuer, has valued the property owned by our Group as at 31 July 2018 (for details, please refer to the section headed "Business — Property interests — Owned properties" in this prospectus). The property valuation report issued by Roma Appraisals Limited is set out in Appendix III to this prospectus. The reconciliation of the unaudited net book value and the valuation as required under the GEM Listing Rule 8.30 is set out below:

	S$'000
Net book value of the property interests as at 30 April 2018 (audited)	12,250
Movement from 30 April 2018 to 31 July 2018 (unaudited)	
Less: Depreciation	(79)
Add: Elimination of revaluation	79
Net book value of the property interests as at 31 July 2018 (unaudited)	12,250
Valuation surplus	—
Valuation as at 31 July 2018 as set out in the property valuation report in Appendix III	12,250

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 42 to the Accountants' Report set forth in Appendix I to this prospectus for events of our Group which took place subsequent to 30 April 2018.

DIVIDENDS

We have not declared any dividends for the year ended 31 December 2016. During the year ended 31 December 2017, an interim dividend of approximately S$3.5 million has been declared and such dividend was settled by offsetting the amounts due from shareholders, Mr. Ho and Mr. Lim, our Directors and Controlling Shareholders. For the four months ended 30 April 2018, no dividends were declared.

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders' approval. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up on our Shares.

Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

LISTING EXPENSES

We have incurred approximately S$2.0 million listing expenses in the profit and loss account during the four months ended 30 April 2018. The total estimated expenses in relation to the Listing (based on the mid-point of our indicative Offer Price of HK$0.55 per Share) are approximately HK$29.1 million (equivalent to approximately S$5.2 million). Out of the estimated listing expenses of approximately HK$29.1 million (equivalent to approximately S$5.2 million) to be borne by us, approximately HK$18.7 million (equivalent to approximately S$3.3 million) is expected to be charged to the profit or loss of our Group for the year ending 31 December 2018 while approximately HK$10.4 million (equivalent to approximately S$1.9 million) is to be accounted for as an equity deduction. The recognition of the listing expenses is expected to materially affect our financial results for the year ending 31 December 2018. The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the Share Offer on the audited combined net tangible assets of our Group attributable to owners of our Company as at 30 April 2018 as if the Share Offer had taken place on 30 April 2018, was approximately HK$0.22 per Share (assuming an Offer Price of HK$0.50 per Offer Share) or HK$0.24 per Share

(assuming an Offer Price of HK$0.60 per Offer Share). This figure does not take into account any trading results or other transactions entered into subsequent to 30 April 2018. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Our Group is exposed to certain financial risks including interest rate risk, credit risk and liquidity risk in the normal course of business, while our Directors consider that our exposure to foreign exchange risk is minimal since our Group's functional currency is Singapore dollars and our Group's transactions are carried out in Singapore dollars. For further details of our financial and capital risk management, please refer to the section headed "Business — Risk management and internal control systems" in this prospectus and Notes 35 and 36 to the Accountants' Report set out in Appendix I to this prospectus.

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our management reviews our Group's capital structure from time to time and, as part of the review, considers the cost of capital and the risks associated with each class of capital. Depending on our capital structure and needs from time to time, we may balance our overall capital structure through the payment of dividends, the issue of new shares, and/or new debts.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there are no circumstances that would give rise to the disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, we were involved in a litigation claim arising from a dispute with our subcontractor for payment outstanding in respect of works performed at our Project Park worksite, which is still ongoing and for which the settlement amount has yet to be ascertained. Please refer to the section headed "Business — Litigation" in this prospectus for more information.

We have continued to focus on strengthening our market position in the building and construction industry in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period, with no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had materially or adversely affected or would affect our business operations or financial condition. As at the Latest Practicable Date, we did not experience any significant drop in revenue or increase in costs of services or other costs (apart from listing expenses incurred) as there were no significant changes to the general business model of our Group. From 1 May 2018 up to the Latest Practicable Date, we have submitted 39 tenders amounting to a total contract value of approximately S$347.9 million (among which the results of 24 tenders amounting to a total contract value of approximately S$264.4 million are still pending as at the Latest Practicable Date). As at the Latest Practicable Date, we have 14 ongoing projects with an aggregate contract sum of approximately S$296.3 million, of which approximately S$108.9 million and S$70.0 million are expected to be recognised as revenue in the financial years ending 31 December 2018 and 2019, respectively. Please refer to the section headed "Business — Our business model — Our projects — Ongoing projects as at the Latest Practicable Date" in this prospectus for more details.

Based on our ongoing projects and our business operations as at the Latest Practicable Date, our Directors do not foresee any material adverse change in our revenue for the financial year ending 31 December 2018. Notwithstanding the foregoing, our Directors expect that our Group will record a decline in net profit for the financial year ending 31 December 2018 due to the recognition of the listing expenses, as discussed in the paragraph headed "Listing expenses" above in this section. Our Directors further confirm that save for the impact of the listing expenses, there has been no event, nor material adverse change in our financial or trading position or prospects since 30 April 2018 and up to the date of this prospectus, which would have materially affected the information presented in our combined financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

FUTURE PLANS

Please refer to the paragraph headed "Business — Business strategies" in this prospectus for a detailed description of our business strategies and future plans.

USE OF PROCEEDS

Net proceeds

The net proceeds from the Share Offer are estimated to be approximately HK$36.9 million assuming the Offer Price of HK$0.55 per Offer Share (being the mid-point of the Offer Price range) and 120,000,000 Offer Shares being offered under the Share Offer and after deducting the underwriting commission and expenses relating to the Share Offer.

We intend to use the net proceeds from the Share Offer for the following purposes:

(a) approximately HK$16.6 million, representing approximately 45.0% of the total net proceeds, will be used to employ additional staff in order to further strengthen our manpower;

The cost and benefit analysis for our Group for the expansion of workforce

Expansion of workforce

From 1 May 2018 up to the Latest Practicable Date, 39 tenders amounting to a total contract value of approximately S$347.9 million have been submitted (among which the results of 24 tenders amounting to a total contract value of approximately S$264.4 million are still pending as at the Latest Practicable Date). Furthermore, we intend to further submit tenders amounting to an estimated total contract value of approximately S$807.0 million for 23 projects in both public and private sectors, of which 11 are with an estimated contract value of at least S$40.0 million each, in the remaining of the financial year ending 31 December 2018 and the financial year ending 31 December 2019. Such intended tendering amount is derived after considering factors including, among other things, our expansion plan on workforce and our strategy to tender for more and/or larger scale building and infrastructure projects and our historical tender contract value and success rate, ongoing projects in our pipeline, and our recent track record on larger scale projects such as Project International School, Project Park, and Project Government Centres.

In light of the aforesaid, our Directors consider that it is in the interest of our Group to expand our workforce and increase the number of staff by using the net proceeds from the Share Offer. Approximately HK$16.6 million, representing approximately 45.0% of the net proceeds from the Share Offer will be used for strengthening our workforce by recruiting additional staff (a total of 36 employees), including six senior staff for the supervision of project management, 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works and nine operators responsible for the operation of machinery and equipment to expand our internal competencies.

As mentioned under the section headed "Business — Business strategies" in this prospectus, our expansion of internal competencies is to keep up with our business expansion, with the impact of improving the profitability of our projects by reducing the need to engage subcontractors, as our average gross profit margin for such projects with significant subcontracting costs was approximately 10.2% during the Track Record Period (versus our average gross profit margin for other project being approximately 13.5% during the Track Record Period).

A comparison of (i) the estimated increase in annual staff cost if aforesaid additional staff is recruited; and (ii) the estimated subcontracting fees if the relevant specialised work and project management services are outsourced to subcontractors are set out in the table below:

		Estimated subcontracting fees if the relevant specialised work and project management services are outsourced to subcontractors			**Estimated increase in annual staff cost if additional in-house senior supervisors, skilled workers and operators are recruited**			
No	**Job title**	**Approximate cost per unit per month** *(S$)*	**Quantity**	**Estimated annual cost** *(S$)* **(A)**	**Approximate cost per unit per month** *(S$)*	**Quantity**	**Estimated annual cost** *(S$)* **(B)**	**Annual cost saving** *(S$)* **(A)-(B)**
Senior supervisors								
1	Supervisors for electrical works	5,720	2	137,280	4,500	2	108,000	29,280
2	Supervisors for plumbing and sanitary works	5,720	2	137,280	4,500	2	108,000	29,280
3	Supervisors for ACMV works	5,980	2	143,520	4,500	2	108,000	35,520
Skilled workers								
4	Labours for electrical works	3,120	5	187,200	2,200	5	132,000	55,200
5	Labours for plumbing and sanitary works	3,120	8	299,520	2,500	8	240,000	59,520
6	Labours for ACMV works	3,380	8	324,480	2,500	8	240,000	84,480
Operators								
7	Excavator operators	5,200	2	124,800	4,000	2	96,000	28,800
8	Lorry driver	5,200	1	62,400	4,500	1	54,000	8,400
9	Lorry with crane drivers cum operators	6,500	2	156,000	5,500	2	132,000	24,000
10	Forklift operator	4,680	1	56,160	4,000	1	48,000	8,160
11	Bobcat operator	4,680	1	56,160	4,000	1	48,000	8,160
12	Vibro sheet piling machine operators	7,280	2	174,720	5,500	2	132,000	42,720
			36	**1,859,520**		**36**	**1,446,000**	**413,520**

During the Track Record Period, we strategically decided not to actively tender for projects where a significant portion of works had to be subcontracted as we were aiming to optimise our staff strength of 250 employees, 257 employees, 311 employees and 316 employees as at 1 January 2016, 31 December 2016, 31 December 2017 and 30 April 2018 respectively, who could directly engage in project implementation. During the Track Record Period, taking into account our historical tender success rates and the then available capacity, we submitted tenders with total contract values amounted to approximately S$746.6 million, S$921.0 million, and S$326.7 million for the two years ended 31 December 2017 and the four months ended 30 April 2018, respectively, to maintain our order book and to meet our

budgeted turnover for the respective year. Nonetheless, in order to maintain our market presence, we still submitted several tenders passively with less competitive tender prices with a strategy that should such projects be awarded, the additional subcontracting costs that may be incurred would be compensated by the higher contract sum and would not deteriorate our Group's overall profit margin. During the two years ended 31 December 2017 and the four months ended 30 April 2018, the total contract value of the tenders we submitted with less competitive tender prices amounted to nil, approximately S$117.9 million and nil. During the Track Record Period, the total contract value of the projects for which our Directors consider that we have relevant qualifications, track record, and/or experiences with the relevant customers, but did not respond due to insufficient capacity at that point of time amounted to approximately S$776.0 million, S$609.0 million and S$453.0 million for the two years ended 31 December 2017 and the four months ended 30 April 2018, respectively. Our Directors consider that these were suitable projects for our Group to continuously strengthen our track record that were available in the market, and therefore believe that the planned expansion of work force will allow us to actively tender for more projects with more competitive tender prices.

Our Group plans to recruit the aforesaid employees by the end of 31 December 2018 in order to reduce our reliance on our subcontractors. Taking into consideration of (i) the manpower deployed by our Group's subcontractors and their respective management and work related fees charged to our Group during the Track Record Period; (ii) the estimated annual cost-savings to be achieved by recruiting the aforesaid employees; and (iii) our executive Directors' assessment of the new business opportunities in the market (based on our executive Directors' knowledge of the building and construction industry) and the value of work scope in relation to our projects, we believe the hiring of these additional 36 employees is the optimum level.

(b) approximately HK$14.7 million, representing approximately 40.0% of the total net proceeds, will be used to purchase of additional machinery and equipment in order to expand our business and strengthen our market position in the building and construction industry in Singapore;

The cost and benefit analysis for our Group to purchase new machinery

Purchase of new machinery

Our Directors consider that it is in the interest of our Group to purchase new machinery and equipment in order to reduce our reliance on our subcontractors and hiring and/or leasing of machinery and equipment by using approximately HK$14.7 million, representing approximately 40.0% of the net proceeds from the Share Offer. A comparison of the yearly hiring and/or leasing cost and the additional yearly expenses of the acquisition (including depreciated charges based on the straight-line method of the estimated useful lives and relevant estimated maintenance and insurance cost) for types of machinery and equipment as set out in the table below:

No.	Type of machinery and equipment	Qty	Approximate annual hiring and/or rental per unit *(S$)*	Approximate annual hiring and/or leasing cost *(S$)* **A**	Approximate annual depreciation *(S$)* **B1**	Approximate annual maintenance, insurance & other related expenses *(S$)* **B2**	Annual cost saving *(S$)* **(A)-(B1)-(B2)**
1	Water tank truck	1	62,400	62,400	21,350	4,270	36,780
2	Mini excavators	2	24,000	48,000	26,000	2,600	19,400
3	Wood chip machine	1	72,000	72,000	13,440	2,420	56,140
4	Lorry cranes	2	162,240	324,480	61,100	12,220	251,160
5	Auger	1	24,000	24,000	2,400	240	21,360
6	CNC machinery	1	Not available for rental in the market at the current moment	Not available for rental in the market at the current moment	NA	NA	NA
7	Edgebender machine	1	Not available for rental in the market at the current moment	Not available for rental in the market at the current moment	NA	NA	NA
8	Air compressors	2	4,200	8,400	6,000	600	1,800
9	Sliding table saw	1	Not available for rental in the market at the current moment	Not available for rental in the market at the current moment	N/A	N/A	N/A
10	Thermal scanners	2	Not available for rental in the market at the current moment	Not available for rental in the market at the current moment	N/A	N/A	N/A
11	12m boomlifts	4	18,000	72,000	48,800	4,880	18,320
12	20m boomlift	1	24,000	24,000	14,950	3,000	6,050
13	25m boomlifts	2	26,400	52,800	41,000	8,200	3,600
14	12m scissor lifts	4	13,200	52,800	23,200	2,320	27,280
15	8m scissor lifts	8	7,200	57,600	22,500	3,600	31,500
16	10m scissor lifts	6	8,400	50,400	28,200	2,820	19,380
17	Concrete mixers	2	96,000	192,000	34,000	2,000	156,000
18	Forklift	1	18,000	18,000	6,600	660	10,740
19	Skid loader	1	26,400	26,400	10,400	1,040	14,960
20	Sheet pilling machine	1	216,000	216,000	80,000	8,000	128,000

No.	Type of machinery and equipment	Qty	Approximate annual hiring and/or rental per unit *(S$)*	Approximate annual hiring and/or leasing cost *(S$)* **A**	Approximate annual depreciation *(S$)* **B1**	Approximate annual maintenance, insurance & other related expenses *(S$)* **B2**	Annual cost saving *(S$)* **(A)-(B1)-(B2)**
21	Bending machine	1	8,640	8,640	1,040	105	7,495
	Total	**45**		**1,309,920**	**440,940**	**58,975**	**809,965**

Based on the above comparison, the approximate annual hiring and/or leasing cost is greater than the approximate annual depreciation and the approximate annual maintenance and insurance cost of the relevant machinery and equipment. Hence, it is more economical for our Group to purchase rather than hire/or lease the relevant machinery and equipment in order to save costs. In addition to saving costs, our Group also need to incur additional time in seeking suitable machinery and equipment in performing our works and subcontractors who own such machinery and equipment. By purchasing additional machinery and equipment, our Group can (i) have higher flexibility in selecting subcontractors most suitable and economical for performing our works, as we will not be limited to select subcontractors who own the requisite machinery and equipment; (ii) reduce the subcontractor fees, rental fees and hence, our costs of production; (iii) mitigate potential increases in hiring and/or leasing costs of machinery and equipment in the future; and (iv) have access to machinery and equipment with higher specification and technological advances for our project works, as we intend to acquire the latest models available on the market and those which cannot be hired or leased from the market. The above factors will enhance the efficiency of our works and hence increase our capacity to tender for more projects and thus improve the profitability of our Group.

(c) approximately HK$1.5 million, representing approximately 4.0% of the total net proceeds, will be used for reconfiguring our current properties and rental of new office in support of the planned business expansion;

(d) approximately HK$0.4 million, representing approximately 1.0% of the total net proceeds, will be used to improve our productivity through the purchase of softwares and provision of staff training; and

(e) approximately HK$3.7 million, representing approximately 10.0% of the total net proceeds, will be used for our general working capital and other general corporate purposes.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans to a material extent and/or there be any material modification to the use of proceeds as described above, our Company will issue an announcement in accordance with the GEM Listing Rules.

If the Offer Price is set at HK$0.60 per Offer Share (being the high-end of the Offer Price range), the net proceeds from the Share Offer will increase to approximately HK$42.4 million.

If the Offer Price is set at HK$0.50 per Offer Share (being the low-end of the Offer Price range), the net proceeds from the Share Offer will decrease to approximately HK$31.3 million.

The above allocation of the net proceeds will be adjusted on a pro-rata basis in the event that the Share Offer is fixed a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

Our Directors consider that the net proceeds from the Share Offer together with our internal resources and banking facilities will be sufficient to finance the implementation of our business plans set forth in the paragraphs under "Future Plans and Use of Proceeds — Future plans" in this prospectus.

IMPLEMENTATION PLANS

Our Directors have drawn up an implementation plan for the period up to the six months ending 31 December 2020 with a view to achieving our business objective. The detailed implementation plan and expanded timetable are set out below:

Business strategies	**Use of proceeds** *(Approx.)*	**Implementation plans**
For the period from the Latest Practicable Date up to 31 December 2018		
Further strengthening our manpower	HK$3.5 million	• To employ additional six senior staff for the supervision of project management, 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works, and nine operators responsible for the operation of machinery and equipment
Strengthening our market position through purchase of machinery and equipment	HK$2.7 million	• To purchase machinery and equipment for developing capability in furniture production, and for building construction and general contractor work
Reconfiguring our properties and rental of new office	HK$0.4 million	• To renovate and reconfigure our office at 20 Ang Mo Kio Industrial Park 2A • To rent and fit out a new office in Singapore

Business strategies	Use of proceeds *(Approx.)*	Implementation plans
Improving our productivity	HK$78,000	• To purchase architecture, engineering and construction software • To purchase a 3D modelling software • To purchase a graphics editing software • To enroll workers on workshops or programmes targeted at improving their technical skills and/or occupational health and safety knowledge
General working capital	HK$3.7 million	• To increase working capital for general corporate purposes
For the period of six months ending 30 June 2019		
Further strengthening our manpower	HK$3.4 million	• To pay for staff costs for retaining the six senior staff for the supervision of project management, the 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works, and the nine operators responsible for the operation of machinery and equipment
Strengthening our market position through purchase of machinery and equipment	HK$3.6 million	• To purchase machinery and equipment for building construction and general contractor works
Reconfiguring our properties and rental of new office	HK$0.8 million	• To pay for rental of the new office in support of the expansion • To reconfigure our warehouse at 52 Tuas View Square
Improving our productivity	HK$42,000	• To pay for the license fee of the architecture, engineering and construction software purchased • To pay for the license fee of the 3D modelling software purchased • To pay for the license fee of the graphics editing software purchased

Business strategies	Use of proceeds *(Approx.)*	Implementation plans
For the period of six months ending 31 December 2019		
Further strengthening our manpower	HK$3.4 million	• To pay for staff costs for retaining the six senior staff for the supervision of project management, the 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works, and the nine operators responsible for the operation of machinery and equipment
Strengthening our market position through purchase of machinery and equipment	HK$6.1 million	• To purchase machinery and equipment for our building infrastructure department for our building construction and general contractor works
Reconfiguring our properties and rental of new office	HK$0.1 million	• To pay for rental of the new office in support of the expansion
Improving our productivity	HK$0.2 million	• To pay for the license fee of the architecture, engineering and construction software purchased • To pay for the license fee of the 3D modelling software purchased • To pay for the license fee of the graphics editing software purchased • To enroll workers on workshops or programmes targeted at improving their technical skills and/or occupational health and safety knowledge
For the period of six months ending 30 June 2020		
Further strengthening our manpower	HK$3.4 million	• To pay for staff costs for retaining the six senior staff for the supervision of project management, the 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works, and the nine operators responsible for the operation of machinery and equipment
Strengthening our market position through purchase of machinery and equipment	HK$2.3 million	• To purchase machinery and equipment for machinery building construction and general contractor works

Business strategies	Use of proceeds *(Approx.)*	Implementation plans
Reconfiguring our properties and rental of new office	HK$0.1 million	• To pay for rental of the new office in support of the expansion
Improving our productivity	HK$42,000	• To purchase architecture, engineering and construction software • To purchase a 3D modelling software • To purchase a graphics editing software
For the period of six months ending 31 December 2020		
Further strengthening our manpower	HK$3.0 million	• To pay for staff costs for retaining the six senior staff for the supervision of project management, the 21 skilled workers responsible for carrying out electrical works, plumbing and sanitary works, and ACMV works, and the nine operators responsible for the operation of machinery and equipment
Reconfiguring our properties and rental of new office	HK$80,000	• To pay for rental of the new office in support of the expansion
Improving our productivity	HK$34,000	• To pay for the license fee of the architecture, engineering and construction software purchased • To pay for the license fee of the 3D modelling software purchased • To pay for the license fee of the graphics editing software purchased

For the period from the Latest Practicable Date to 31 December 2020, our Group's net proceeds from the Share Offer will be used as follows:

	From the Latest Practicable Date to 31 December 2018 *(Approx. HK$'000)*	Six months ending 30 June 2019 *(Approx. HK$'000)*	31 December 2019 *(Approx. HK$'000)*	30 June 2020 *(Approx. HK$'000)*	31 December 2020 *(Approx. HK$'000)*	Total *(Approx. HK$'000)*	Approximate percentage of the total net proceeds *(%)*
By recruitment of additional senior supervisors, skilled workers and operators further strengthening our manpower	3,462	3,372	3,372	3,372	3,009	16,587	45.0%
Strengthening our market position through purchase of machinery and equipment including but not limited to air compressors, scissors lifts, lorry cranes, forklifts, boom lifts, mini excavators, concrete mixers, wood chips machines, bending machines and water tank truck	2,676	3,584	6,140	2,343	—	14,744	40.0%
Reconfiguring our properties and rental of new office in support of the business expansion	359	811	112	112	80	1,474	4.0%
Improving our productivity through investing in softwares and staff training	78	42	172	42	34	368	1.0%
General working capital	3,686	—	—	—	—	3,686	10.0%
	10,261	7,809	9,796	5,869	3,123	36,858	100.0%

Bases and Assumptions

Investors should note that the implementation plans are formulated on the bases and assumptions below:

(i) there will be no material change in the existing political, legal, fiscal or economic conditions in Singapore;

(ii) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Singapore, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;

(iii) there will be no material change in the existing laws, regulations, policies or industry standards in Singapore or any part of the world relating or applicable to us;

(iv) there will be no material change in the bases or rates of taxation in Singapore or in any other places in which any member of our Group operates or will operate or is incorporated;

(v) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;

(vi) our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;

(vii) we will not be materially and adversely affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus;

(viii) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(ix) we will be able to recruit additional key management personnel when required;

(x) there will be no change in the funding requirement for each of the business strategies described in this prospectus from the amount estimated by our Directors; and

(xi) we will be able to continue our operations in substantially the same manner as we had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any aspects.

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section "Risk Factors" in this prospectus. Our actual course of business may vary from the business objective set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objective will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following implementation plans.

NO LISTING APPLICATION MADE IN SINGAPORE

Our Directors confirmed that we have not applied for listing in Singapore and to the best of our knowledge and belief, there would have been no impediments to our listing application if we were to apply for listing on the Catalist of the Singapore Exchange Securities Trading Limited.

REASONS FOR THE LISTING

We have been contemplating growth and expansion of our business for some time in order to remain competitive in the industry. We have noted various other Singapore companies listing in Hong Kong in recent years and have evaluated various venues for the Listing, including Singapore and having sought the advice of advisers on the benefits that come along with a Hong Kong listing as compared to other jurisdictions, we believe that the Stock Exchange would be the most suitable platform to raise our brand awareness and reputation and for fund raising given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies and with an increasing number of Singapore companies being listed in Hong Kong, our Directors are of the view that Listing in Hong Kong would be recognised by our existing and potential

customers as having attained a certain standard of corporate governance and financial strength. Accordingly, our Directors believe that the Listing in Hong Kong will achieve our goal by allowing and assisting us to expand our operations and strengthen our market position in the building and construction industry in Singapore. Our Directors believe that the Listing in Hong Kong is strategic in our development in the Singapore construction industry, and will raise the profile, credibility and visibility of our Group and strengthen our competitiveness among our competitors, in the hope of leading to an increase in market share and exposure of our Group's services to new potential local and international customers for their projects in Singapore in light of the increase in the number of main contractors and sub-contractors in the Singapore construction industry over the years (of which a number of them have been listed in Singapore or Hong Kong). Listing in Hong Kong will also provide us with additional working capital to implement our future plans as set out in the sections headed "Business — Business strategies" and "Future Plans and Use of Proceeds — Implementation plans" in this prospectus as well as offer our Company a broader shareholder base which could lead to a more liquid market in the trading of the Shares. Our Directors believe that the level of trading activities on a stock exchange is one of the key factors indicating the ease of conducting secondary fund raising exercises after a listing. According to a newspaper article published in early August 2018, the Stock Exchange ranked number one worldwide in terms of initial public offerings funds raised. Moreover, in July 2018, the total turnover value of the securities market in Hong Kong was approximately HK$1,870.0 billion, whereas the same in Singapore was approximately S$24.6 billion (approximately HK$142.7 billion). Our Directors therefore believe that the stock market in Hong Kong has a higher trading liquidity and volume as compared to the stock market in Singapore. As a result, our Directors consider that the Listing in Hong Kong will enable us to have access to the capital market more easily for fundraising at later stages through the issuance of equity and debt securities for the implementation of business strategies in long run. Our Directors also believe that a public listing status in Hong Kong will allow us to have greater exposure to international financial market and investment community, which may open up a new channel of financing and enable us to more effectively diversify our Shareholder base.

Our Directors are of the view that the location of our operations in Singapore should not be the deciding factor of where we pursue our listing status but instead should be based on an evaluation of the aforementioned considerations. Furthermore, with information technology and retail stock trading platforms that cater to multiple stock exchanges, our Directors do not view that the location of our operations has to be the same as where we pursue a listing.

In addition, our Directors also believe that customers and suppliers may prefer to work with listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies as well as demonstrating to business partners and customers that our Group has an international standard of internal control, corporate governance, regulation and financial reporting. In particular, given that during the Track Record Period our major customers are mainly various Singapore statutory boards and sizable corporations, including institutions of learning and healthcare providers, our Directors consider that the Listing in an international capital market, such as the Stock Exchange, will boost their confidence in our Group's financial position, credibility, corporate governance and internal control, which may further enhance our business relationship with them, even though, to the best of the knowledge and belief of our Directors, our Group had not experienced difficulties in maintaining business relationship with our existing customers and suppliers. In addition, having a listing status may increase our bargaining power in negotiating terms with our customers and suppliers which may benefit our Group's tender success rate with existing customers and potential customers. Furthermore, our Directors believe that a listing status with the Stock

Exchange allows our Group to undertake additional building and construction works so as to increase our market share by pursuing high value contracts on top of our present scale of operation and our current projects on hand as stated in the section headed "Business — Business strategies" in this prospectus. As such, our Directors believe that a public listing status in Hong Kong will not only generate reassurance among our Group's existing customers and suppliers but also enhance our Group's competitiveness to potential customers and suppliers.

Given the continuing expansion plans of our Group, our Directors believe that there is a genuine funding need to support our expansion plan through the Listing. Our Company generally requires an average of approximately S$9.2 million per month to cover our cost of services, expenses and other financial obligations when they fall due, including but not limited to, the repayment of bank borrowings and finance lease liabilities. Although as at 31 August 2018, our Company had (a) unutilised banking facilities of approximately S$3.3 million, which consisted of (i) bank overdraft for general working capital purpose of approximately S$1.6 million and (ii) trade facilities of approximately S$1.7 million, comprising letters of credit, letters of guarantee and trust receipts, of which usage is restricted to, among others, financing projects; and (b) cash balance of approximately S$1.8 million, our Directors consider that it is necessary for our Group to retain adequate working capital for our day-to-day operation. The Listing would also provide us with a long-term fund raising platform to raise funds through secondary fund raising exercise after the Listing and enable our Company to offer an equity based incentive program (such as the Share Option Scheme) to our employees that more directly correlates with their performance and which can be used to better motivate the employees and foster a team of enthusiastic staff. Therefore, our Directors believe that the Listing will be beneficial to our Group.

Furthermore, based on our business plan, our Group is expected to utilise its net proceeds from the Share Offer of approximately HK$6.6 million, approximately HK$17.6 million, and approximately HK$9.0 million respectively, in aggregate for each of the three years ending 31 December 2020 for its (i) recruitment of additional staff; (ii) purchase of additional machinery and equipment; (iii) reconfiguration of properties and rental of new office; and (iv) purchase of softwares and staff training. Without the proceeds from the Share Offer, our Company will be unable to fund its expansion plans solely on the unutilised banking facilities and cash balance of approximately S$3.3 million and S$1.8 million as at 31 August 2018 respectively.

In relation to bank borrowings from banks, our Directors have taken into consideration that pursuing bank borrowings will increase our gearing ratios. Our Directors are of the view that the cost of bank borrowings remain higher than that of equity financing despite the current low interest rate environment since the bank borrowings ultimately will have to be repaid together with interests, and the interest rates would fluctuate over a period of time and any future borrowings by our Group might be subject to higher interest rates. Furthermore, bank borrowings would generally require a pledge of properties or significant assets which our Group has already pledged our properties and cash deposits to the bank, together with the provision of personal guarantees by our Directors or Controlling Shareholders as security for such financing and further bank borrowings would generally increase the cost of debt financing. Our Directors consider that our Company, without a listing status, would have difficulties obtaining bank borrowings at more commercially favourable terms.

Notwithstanding that our operations are located outside of Hong Kong, our Directors do not take the view that the location of our operations has to be the same as the venue where we pursue a listing, especially given the advent of information technology and retail stock trading platforms that cater to multiple stock exchanges.

To summarise, having sought various professional advice on the benefits of obtaining a listing status in Hong Kong as compared to other jurisdictions, our Directors believe that Listing on the Stock Exchange will benefit our Group as it will (i) enhance our credibility and visibility of our Group in particular with our customers and suppliers who may view a public listed company in Hong Kong as one with high standards of corporate governance and financial disclosure; (ii) provide another source of funding and the use of proceeds from the Share Offer for the implementation of our business strategies; and (iii) enable us to conduct secondary fund raising exercises easily after Listing by taking advantages of the high trading liquidity and volume of the stock market in Hong Kong.

Our Directors further confirmed that other than this Listing, no application has been submitted for listing on any other stock exchange.

SOLE BOOKRUNNER

I Win Securities Limited

JOINT LEAD MANAGERS

I Win Securities Limited
Head & Shoulders Securities Limited

CO-LEAD MANAGER

Alpha Financial Group Limited

PUBLIC OFFER UNDERWRITERS

I Win Securities Limited
Head & Shoulders Securities Limited
Alpha Financial Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, our Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue and the exercise of the options which may be granted under the Share Option Scheme); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally and not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Bookrunner (for itself and on behalf of other Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the "**Termination Time**") if prior to the Termination Time:

(a) there has come to the notice of the Sole Bookrunner:

(i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Sole Bookrunner and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or

(ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice or any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or

(iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or

(iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Sole Bookrunner, a material omission in the context of the Share Offer; or

(v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of our executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or

(vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sole Bookrunner and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Sole Bookrunner, is material; or

(b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

(i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, BVI, the Cayman Islands, Singapore, the European Union, the U.S. or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the "**Relevant Jurisdictions**"); or

(ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or

(iii) any change in the system under which the value of the Hong Kong dollars or Renminbi is linked to that of the U.S. dollars; or

(iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

(v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or

(vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or

(vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or

(viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or

(ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or

(x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or

(xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group,

which, in the sole and absolute opinion of the Sole Bookrunner:

(1) is or will be, or is likely to be, adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or

(2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or

(3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

(a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and

(b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Except pursuant to the Capitalisation Issue, the Share Offer and the options that may be granted under the Share Option Scheme, during the period commencing on the date of this prospectus, up to and including the date falling twelve months after the Listing Date (the "**First Twelve-Month Period**"), our Company has undertaken to each of the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters not to, and to procure each member of our Group not to, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and the Sole Sponsor (such consent not to be unreasonably withheld or delayed) and subject always to the provisions of the GEM Listing Rules:

(1) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares);

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities;

(3) enter into any transaction with the same economic effect as any transaction described in (1) or (2) above; and

(4) offer or agree to do any foregoing transactions and publicly disclose any intention to effect such transaction,

whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise. In the event that, during the period of twelve months immediately following the expiration of the First Twelve-Month Period (the "**Second Twelve-Month Period**"), our Company does any of the acts specified above, or offers to or agrees to or announces any intention to effect any such transaction, as the case may be, our Company shall take all reasonable steps to ensure that such act, if done, will not create a disorderly or false market for any shares or other securities of our Company or any interest therein. Each of our Controlling Shareholders undertakes to each of the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters to procure our Company and procure each member of our Group to comply with the undertakings above.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has also undertaken to each of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters that, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and the Sole Sponsor and unless in compliance with the requirements of the GEM Listing Rules:

(1) he/she/it will not, will procure that none of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, directly or indirectly, (i) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interest therein, beneficially owned by him/her/it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following the completion of the Share Offer, (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities of our Company or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above or (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i) through (iii) above whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the First Twelve-Month Period;

(2) he/she/it will not, and will procure that such associate, companies, nominee or trustee will not, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Twelve-Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in any of our Controlling Shareholders, directly or indirectly, ceasing to be a controlling shareholder of our Company at any time during the Second Twelve-Month Period; and

(3) he/she/it shall take all steps to ensure if he/she/it enters into any of the transactions specified in (1) and (2) above, or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Each of the Controlling Shareholders further undertakes to and covenants with each of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters that:

(i) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Shares or other securities of our Company or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or

distribution in the securities of our Company pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange under Rule 13.18(4) of the GEM Listing Rules at any time before the expiry of the Second Twelve-month Period, he/she/it must inform our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters in writing immediately, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of our Company will be sold, transferred or disposed of, or he/she/it becomes aware that such pledgee or chargee has disposed of or intends to dispose such interest, he/she/it shall immediately inform our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters in writing of such indications or disposal and the number of Shares or other securities of our Company so involved.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in ''— Underwriting Arrangements and Expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement'' above.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by them in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in ''— Underwriting Arrangements and Expenses — The Public Offer — Undertakings Pursuant to the Public Offer Underwriting Agreement'' above.

Underwriting Commission and Expenses

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 8.0% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer for the Public Offer Shares that the respective Public Offer Underwriter has actually underwritten. For the unsubscribed Public Offer Shares reallocated to the Placing, we will pay a placing commission at a rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters. The Placing Underwriters are expected to receive similar underwriting commission on the aggregate Offer Price payable for the Placing Shares subject to the terms and conditions of the Placing Underwriting Agreement.

The aggregate commissions and fees (exclusive of any discretionary incentive fees), including the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer, which are currently estimated to be approximately HK$29.1 million (equivalent to approximately S$5.2 million) in aggregate (based on an Offer Price of HK$0.55 per Offer Share, being the mid-point of the indicative Offer Price range) are to be borne by our Company.

UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE GEM LISTING RULES

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/she/it shall not and shall procure that the relevant registered holder(s) (if any) shall not:

(i) save as provided in Rule 13.18 of the GEM Listing Rules, in the period commencing on the date by reference to which disclosure of his/hers/its shareholding is made in this prospectus and ending on the expiry of the First Twelve-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (as defined in Rule 13.16A(2) of the GEM Listing Rules) (the "**Relevant Securities**"); and

(ii) save as provided in Rule 13.18 of the GEM Listing Rules, in the period of twelve months commencing from the Second Twelve-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company.

In addition, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/she/it will comply with the following requirements:

(i) in the event that he/she/it or his/her/its close associates pledges or charges any direct or indirect interest in the Relevant Securities in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Twelve-Month

Period and the Second Twelve-Month Period, he/she/it must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in the Shares under (a) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their interests and obligations under the Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

INDEMNITY

We, our executive Directors, and each of the Controlling Shareholders have undertaken, jointly and severally, to fully and effectively indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless, to the extent permitted by law, each of the Sole Sponsor (and its successors), the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Public Offer Underwriters, and their respective directors, officers, employees, agents, assignees, affiliates and successors on a continuing basis from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

(a) the Public Offer of 12,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in "— The Public Offer" below; and

(b) the Placing of an aggregate of 108,000,000 new Shares (subject to reallocation as mentioned below) outside the United States (including to selected professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S, as described below in "— The Placing" below.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both.

The 120,000,000 Offer Shares in the Share Offer will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer, without taking into account the exercise of any option which may be granted under the Share Option Scheme.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 12,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Structure and Conditions of the Share Offer — Conditions of the Public Offer" below.

Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 12,000,000 Public Offer Shares (being 100% of the 12,000,000 Public Offer Shares initially available under the Public Offer) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

(a) Where the Placing Shares are fully subscribed or oversubscribed:

(i) if the Public Offer Shares are not fully subscribed, the Sole Bookrunner (for itself and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Sole Bookrunner (for itself and on behalf of the Underwriters) deem appropriate;

(ii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available under the Public Offer, then 24,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 36,000,000, representing 30% of the Offer Shares initially available under the Share Offer;

(iii) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available under the Public Offer, then 36,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 48,000,000, representing 40% of the Offer Shares initially available under the Share Offer; and

(iv) if the number of Offer Shares validly applied for under the Public offer represents 100 times or more of the number of Offer Shares initially available under the Public Offer, then 48,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 60,000,000, representing 50% of the Offer Shares initially available under the Share Offer.

(b) Where the Placing Shares are not fully subscribed:

(i) if the Public Offer Shares are not fully subscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and Underwriting Agreements; and

(ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times the number of Offer Shares initially available under the Public Offer, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase up to 24,000,000 Shares, representing 20% of the total number of the Offer Shares available under the Share Offer to cover the excess demand.

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (xx) the Placing Shares are fully subscribed or oversubscribed or (yy) the Placing Shares are not fully subscribed and the Public Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$0.50 per Offer Share) stated in this prospectus.

In addition, the Sole Bookrunner may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 6 of the GEM Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 24,000,000 Offer Shares).

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. In addition, the Sole Bookrunner may in its sole and absolute discretion reallocate Offer Shares of the Placing to the Public Offer to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Bookrunner.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her or it that he or she or it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK$0.60 per Offer Share in addition to the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share, amounting to a total of HK$2,424.18 per board lot of 4,000 Shares. If the Offer Price, as finally determined in the manner

described in "— Price Determination of the Share Offer" below, is less than the maximum price of HK$0.60 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 108,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer and 22.5% of the total issued share capital immediately after completion of the Share Offer. The Placing will be offered by us to professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to selected professional, institutional and other investors anticipated to have a sizeable demand for the Placing Shares in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in "— Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Bookrunner (for itself and on behalf of the other Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described above in "The Public Offer — Reallocation" and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

Price Determination of the Share Offer

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 25 October 2018, and in any event on or before Friday, 2 November 2018, by agreement between the Sole Bookrunner (for itself and on behalf of the other Underwriters), and our Company and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter. If for any reason, the Offer Price is not agreed by Friday, 2 November 2018 between our Company and the Sole Bookrunner (for itself and on behalf of the other Underwriters), the Share Offer will not proceed and will lapse.

The Offer Price will not be more than HK$0.60 per Share and is expected to be not less than HK$0.50 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Bookrunner (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company at **www.honindustries.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk** a notice of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Such notice will include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

If the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not

be valid. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Share Offer stated in this prospectus and the Application Forms, respectively, on or before the last day for lodging applications under the Public Offer, the Offer Price, once agreed upon, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK$36.9 million (equivalent to approximately S$6.5 million), assuming an Offer Price per Share of HK$0.55 (being the mid-point of the indicative Offer Price range). See "Future Plans and Use of Proceeds" in this prospectus for details.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Tuesday, 6 November 2018 on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.honindustries.com.sg**.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, among other conditions, us and the Sole Bookrunner (for itself and on behalf of the other Underwriters) agreeing on the Offer Price on the Price Determination Date.

Our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

THE SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into the CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interest.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

(a) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as described in the prospectus;

(b) the Offer Price having been fixed on or about the Price Determination Date;

(c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the other Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.honindustries.com.sg** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for the Public Offer Shares — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Shares are expected to be issued on Tuesday, 6 November 2018 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 7 November 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Public Offer Underwriting Agreement — Grounds for Termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 7 November 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 7 November 2018.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 8259.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**;
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Co-Lead Manager may accept it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate or close associate (both as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 22 October 2018 until 12:00 noon on Thursday, 25 October 2018 from:

(i) Fortune Financial Capital Limited, Units 4301–8 & 13, 43/F, COSCO Tower, 183 Queen's Road Central, Hong Kong; or

(ii) I Win Securities Limited, Room 1916, Hong Kong Plaza, 188 Connaught Road West, Hong Kong; or

(iii) Head & Shoulders Securities Limited, Room 2511, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong; or

(iv) Alpha Financial Group Limited, Room A, 17/F, Fortune House, 61 Connaught Road Central, Central, Hong Kong; or

(v) any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok, Kowloon
New Territories	Kwai Chung Branch	G/F, 1001 Kwai Chung Road, Kwai Chung

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 22 October 2018 until 12:00 noon on Thursday, 25 October 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Hon Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Monday, 22 October 2018 — 9:00 a.m. to 5:00 p.m.
Tuesday, 23 October 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 24 October 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, 25 October 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 25 October 2018, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Underwriters nor any of

their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICES

General

Individuals who meet the criteria in the paragraph headed "2. Who can apply", may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application through the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 22 October 2018 until 11:30 a.m. on Thursday, 25 October 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 25 October 2018 or such later time under the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling **(852) 2979 7888** or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Bookrunner and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Monday, 22 October 2018 — 9:00 a.m. to 8:30 p.m.
Tuesday, 23 October 2018 — 8:00 a.m. to 8:30 p.m.
Wednesday, 24 October 2018 — 8:00 a.m. to 8:30 p.m.
Thursday, 25 October 2018 — 8:00 a.m. to 12:00 noon

Note: The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 22 October 2018 until 12:00 noon on Thursday, 25 October 2018 (24 hours daily, except on Thursday, 25 October 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 25 October 2018, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a

WHITE or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 25 October 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealings in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instructions in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed ''Structure and Conditions of the Share Offer'' in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a ''black'' rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 25 October 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 25 October 2018 or if there is a tropical cyclone warning signal number 8 or above or a ''black'' rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed ''Expected Timetable'' in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 6 November 2018 on our Company's website at **www.honindustries.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of (where appropriate) allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.honindustries.com.sg** by no later than 9:00 a.m. on Tuesday, 6 November 2018;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a ''search by ID'' function on a 24-hour basis from 8:00 a.m. on Tuesday, 6 November 2018 to 12:00 midnight on Monday, 12 November 2018;

- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 6 November 2018 to Friday, 9 November 2018 on a business day;

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 6 November 2018 to Thursday, 8 November 2018 at all the receiving bank's designated branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Bookrunner believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.60 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed ''Structure and Conditions of the Share Offer — The Public Offer — Conditions of the Public Offer'' in this prospectus are not fulfilled or if any application is revoked, the

application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 6 November 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Tuesday, 6 November 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 7 November 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 6 November 2018 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on your Application Form on Tuesday, 6 November 2018 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 6 November 2018 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 6 November 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 6 November 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 6 November 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 6 November 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 6 November 2018 or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "11. Publication of Results" above on Tuesday, 6 November 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 6 November 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 6 November 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 6 November 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-58, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HON CORPORATION LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Hon Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-58, which comprises the combined statements of financial position as at 31 December 2016 and 2017 and 30 April 2018, the statement of financial position of the Company as at 30 April 2018, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the two years ended 31 December 2017 and the four months ended 30 April 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-58 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 22 October 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that

gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2016 and 2017 and 30 April 2018, and of the Company's financial position as at 30 April 2018, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the four months ended 30 April 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON GEM OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared by the Company's subsidiaries and states that no dividends have been declared by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 October 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Hon Industries Pte. Ltd. (''Hon'') and its subsidiaries for the Track Record Period (the ''Underlying Financial Statements'') and the management accounts of the Company and Energy Turbo Limited from 8 February 2018 (date of incorporation) to 30 April 2018 (collectively referred to ''Management Accounts''). The Underlying Financial Statements and the Management Accounts have been prepared in accordance with International Financial Reporting Standards (''IFRSs'') issued by the International Accounting Standards Board (''IASB'') and the Underlying Financial Statements were audited by Deloitte & Touche LLP Singapore, a firm of certified public accountants registered in Singapore, in accordance with International Standards on Auditing issued by the IAASB.

The Historical Financial Information is presented in Singapore dollars (''S$'') and all values are rounded to the nearest thousand (S$'000) except otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2016 S$'000	2017 S$'000	Four months ended 30 April 2017 S$'000 (unaudited)	2018 S$'000
Continuing operations					
Revenue	*6*	54,942	100,841	34,517	38,540
Cost of services		(48,990)	(89,844)	(30,567)	(34,694)
Gross profit		5,952	10,997	3,950	3,846
Other income	*7a*	941	1,053	435	248
Other gains or losses	*7b*	(126)	(20)	—	—
Administrative expenses		(4,913)	(5,123)	(1,995)	(2,118)
Finance costs	*8*	(485)	(522)	(110)	(131)
Listing expenses		—	—	—	(1,969)
Profit (loss) before taxation		1,369	6,385	2,280	(124)
Income tax expense	*9*	(155)	(1,197)	(435)	(321)
Profit (loss) for the year/period from continuing operations	*10*	1,214	5,188	1,845	(445)
Discontinued operations					
Profit (loss) for the year/period from discontinued operations	*11*	43	(395)	(291)	—
Profit (loss) for the year/period		1,257	4,793	1,554	(445)
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Gain on revaluation of properties		347	747	—	127
		1,604	5,540	1,554	(318)
Profit (loss) for the year/period attributable to owners of the Company					
— from continuing operations		1,214	5,188	1,845	(445)
— from discontinued operations		29	(144)	(100)	—
Profit (loss) for the year/period attributable to owners of the Company		1,243	5,044	1,745	(445)
Profit (loss) for the year/period attributable to non-controlling interests of a subsidiary from discontinued operations		14	(251)	(191)	—
		1,257	4,793	1,554	(445)
Total comprehensive income (expense) attributable to:					
Owners of the Company		1,575	5,758	1,745	(318)
Non-controlling interests		29	(218)	(191)	—
		1,604	5,540	1,554	(318)

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTES	The Group As at 31 December 2016 S$'000	The Group As at 31 December 2017 S$'000	The Group As at 30 April 2018 S$'000	The Company As at 30 April 2018 S$'000
Non-current assets					
Property, plant and equipment	*16*	16,700	14,725	15,524	—
Investment properties	*17*	1,890	—	—	—
Payments for life insurance policy	*18*	328	328	—	—
Financial asset at fair value through profit or loss	*18*	—	—	328	—
Deferred tax assets	*30*	976	—	—	—
		19,894	15,053	15,852	—
Current assets					
Inventories	*19*	175	—	—	—
Trade receivables	*20*	11,724	12,020	7,680	—
Deposits, prepayments and other receivables	*21*	503	8,274	7,171	753
Contract assets	*22*	15,865	25,588	26,527	—
Amounts due from shareholders	*23*	4,232	243	—	—
Pledged bank deposits	*24*	700	704	906	—
Bank balances and cash	*24*	554	2,762	4,633	—
		33,753	49,591	46,917	753
Asset classified as held-for-sale	*25*	—	925	—	—
		33,753	50,516	46,917	753
Current liabilities					
Trade and other payables	*26*	23,321	29,897	33,366	754
Bills payables	*27*	9,182	14,395	11,548	—
Contract liabilities	*22*	907	782	91	—
Amount due to Hon	*23*	—	—	—	2,039
Obligations under finance leases — due within one year	*28*	666	648	505	—
Borrowings	*29*	2,158	1,723	279	—
Income tax payable		—	10	325	—
		36,234	47,455	46,114	2,793
Liabilities associated with assets classified as held-for-sale	*25*	—	674	—	—
		36,234	48,129	46,114	2,793
Net current (liabilities) assets		(2,481)	2,387	803	(2,040)
Total assets less current liabilities		17,413	17,440	16,655	(2,040)

	NOTES	The Group			The Company
		As at 31 December		As at 30 April	As at 30 April
		2016	2017	2018	2018
		S$'000	S$'000	S$'000	S$'000
Non-current liabilities					
Obligations under finance leases					
— due after one year	*28*	1,290	836	580	—
Borrowings	*29*	7,385	5,473	5,256	—
Deferred tax liabilities	*30*	—	211	217	—
		8,675	6,520	6,053	—
Net assets (liabilities)		8,738	10,920	10,602	(2,040)
Capital and reserves					
Combined capital	*31*	6,500	6,500	6,500	—
Revaluation reserve		2,256	2,672	2,799	—
Accumulated (losses) profits	*31a*	(95)	1,748	1,303	(2,040)
Equity attributable to owners of the Company		8,661	10,920	10,602	(2,040)
Non-controlling interests		77	—	—	—
Total equity		8,738	10,920	10,602	(2,040)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Combined capital *S$'000*	Revaluation reserve *S$'000*	Accumulated (losses) profits *S$'000*	Sub-total *S$'000*	Non-controlling interests *S$'000*	Total *S$'000*
At 1 January 2016	6,500	1,924	(1,338)	7,086	48	7,134
Profit for the year	—	—	1,243	1,243	14	1,257
Gain on revaluation of properties	—	332	—	332	15	347
Total comprehensive income for the year	—	332	1,243	1,575	29	1,604
At 31 December 2016	6,500	2,256	(95)	8,661	77	8,738
Profit (loss) for the year	—	—	5,044	5,044	(251)	4,793
Gain on revaluation of properties	—	714	—	714	33	747
Total comprehensive income (expense) for the year	—	714	5,044	5,758	(218)	5,540
Transfer to accumulated profits	—	(298)	298	—	—	—
Disposal of a subsidiary *(Note 37)*	—	—	—	—	141	141
Dividends recognised as distribution *(Note 14)*	—	—	(3,499)	(3,499)	—	(3,499)
At 31 December 2017	6,500	2,672	1,748	10,920	—	10,920
Loss for the period	—	—	(445)	(445)	—	(445)
Gain on revaluation of properties	—	127	—	127	—	127
Total comprehensive income (expense) for the period	—	127	(445)	(318)	—	(318)
At 30 April 2018	6,500	2,799	1,303	10,602	—	10,602
For the four months ended 30 April 2017 *(unaudited)*						
At 1 January 2017	6,500	2,256	(95)	8,661	77	8,738
Profit (loss) and total comprehensive income (expense) for the period	—	—	1,745	1,745	(191)	1,554
At 30 April 2017 *(unaudited)*	6,500	2,256	1,650	10,406	(114)	10,292

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
OPERATING ACTIVITIES				
Profit (loss) before taxation	1,412	5,990	1,989	(124)
Finance costs	622	551	136	131
Interest income	(5)	(4)	—	—
Imputed interest income on amount due from shareholders	(336)	(375)	(118)	—
Depreciation of property, plant and equipment	1,347	1,409	453	427
Impairment loss recognised in respect of trade receivables	—	—	—	141
Direct written off of bad debts	5	—	—	—
Wavier of trade payables from suppliers	(22)	(27)	—	—
Gain on disposal of a subsidiary	—	(200)	—	—
Loss on fair value changes of investment properties	252	40	—	—
Loss on disposal of property, plant and equipment	41	96	11	60
Operating cash flow before movements in working capital	3,316	7,480	2,471	635
Movements in working capital:				
(Increase) decrease in inventories	(16)	98	—	—
Decrease (increase) in trade receivables	3,921	(1,591)	(1,567)	4,199
Decrease (increase) in deposits, prepayments and other receivables	42	(5,955)	(1,785)	1,103
Increase in contract assets	(6,177)	(9,723)	(1,808)	(939)
Increase (decrease) in contract liabilities	683	(125)	(635)	(691)
(Decrease) increase in trade and other payables	(4,912)	7,842	3,346	3,469
Cash (used in) generated from operations	(3,143)	(1,974)	22	7,776
Income tax paid	(34)	—	—	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(3,177)	(1,974)	22	7,776
INVESTING ACTIVITIES				
Interest received	5	4	—	—
Net cash inflow (outflow) on disposal of subsidiaries *(Note 37)*	—	2	—	—
Purchase of property, plant and equipment	(1,188)	(345)	(207)	(1,233)
Purchase of life insurance policy	(328)	—	—	—
Proceeds from disposal of property, plant and equipment	246	595	—	74
Proceeds from disposal of an investment property	—	—	—	925
(Advance to) repayment from shareholders	(702)	865	(645)	243
Placement of pledged deposits	(99)	(4)	(3)	(202)
Withdrawal of pledged deposits	315	—	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,751)	1,117	(855)	(193)

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
FINANCING ACTIVITIES				
Interest paid	(622)	(551)	(136)	(131)
New bank loans raised	2,593	649	—	—
Increase (decrease) in bills payables	719	5,213	4,510	(2,847)
Repayment of borrowings	(3,164)	(1,367)	(568)	(1,484)
Repayment of obligations under finance leases	(715)	(866)	(228)	(399)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,189)	3,078	3,578	(4,861)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,117)	2,221	2,745	2,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	5,807	(310)	(310)	1,911
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by	(310)	1,911	2,435	4,633
Bank balances and cash	554	2,762	2,778	4,633
Bank overdrafts	(864)	(851)	(343)	—
	(310)	1,911	2,435	4,633

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered in as an exempted company in Cayman Islands with limited liability on 8 February 2018. The registered address of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is at Blk 20, Ang Mo Kio Industrial Park 2A, #07-33 AMK Techlink, Singapore 56776.

The Company is an investment holding company and its major operating subsidiary, Hon, is principally engaged in the provision of construction services.

The Historical Financial Information is presented in Singapore dollars ("S$"), which is the same as the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB.

Prior to the group reorganisation as disclosed in the section headed "History, Reorganisation and Group Structure" of the Prospectus (the "Reorganisation") for the preparation of listing of the Company on GEM of the Stock Exchange ("Listing"), Mr. Ho Lien Hwai ("Mr. Ho") and Mr. Lim Shi Min ("Mr. Lim") beneficially owned 4,550,000 and 1,950,000 shares of Hon, representing 70% and 30% respectively of the total issued share capital of Hon, the operating subsidiary of the Group, respectively. For the purpose of the listing of the shares of the Company on GEM of the Stock Exchange, the Group underwent the Reorganisation as described below.

(i) On 30 October 2017, Bizstar Global Limited ("Bizstar Global") was incorporated in the British Virgin Islands ("BVI") with limited liability with authorised share capital of 50,000 shares of US$1.00 par value of a single class. Mr. Ho and Mr. Lim subscribed for and Bizstar Global allotted and issued 7 shares and 3 shares, representing 70% and 30%, respectively, of issued share capital of Bizstar Global, to Mr. Ho and Mr. Lim at par on 16 January 2018;

(ii) On 31 October 2017, Energy Turbo was incorporated in the British Virgin Islands ("BVI") with limited liability with authorised share capital of 50,000 shares of US$1.00 par value of a single class. The Company subscribed for and Energy Turbo allotted and issued 1 share to the Company at par on 9 February 2018;

(iii) On 31 December 2017, Hon and Mr. Tan Gim Chwee ("Mr. Tan"), the non-controlling shareholder of Advanced Engineering Group (International) Pte. Ltd. ("Advanced Engineering"), entered into a sale and purchase agreement, pursuant to which Hon transferred the entirety of its 57.9% interest in the issued share capital of Advanced Engineering to Mr. Tan at a consideration of S$5,000 and the disposal has been completed on 31 December 2017;

(iv) On 8 February 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, one nil-paid share was allotted and issued to the initial subscriber, an independent third party. On the same date, the share was transferred to Bizstar Global;

(v) On 1 October 2018, Mr. Ho, Mr. Lim, Energy Turbo and the Company entered into a sale and purchase agreement, pursuant to which Mr. Ho and Mr. Lim transferred their entire interests in the issued share capital of Hon to Energy Turbo in consideration of the Company allotting and issuing 99 shares to Bizstar Global, credited as fully paid.

Upon the completion of the Reorganisation on 8 October 2018, the Company became the holding company of the subsidiaries now comprising the Group.

As details above, the Group resulting from the Reorganisation, which involves interspersing investment holding companies (including the Company and Energy Turbo) between Hon and its controlling shareholders is continued to be controlled by the controlling shareholders and is regarded as a continuing entity. Accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Track Record Period.

Accordingly, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2016, 2017 and 30 April 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group, using their existing carrying amounts, as if the current group structure upon the completion of the Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, if applicable.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on 1 January 2018 throughout the Track Record Period, except that the Group adopted IFRS 9 *Financial Instruments* on 1 January 2018 and IAS 39 *Financial Instruments: Recognition and Measurement* during the two years ended 31 December 2017. Except for the change in classification of payments for life insurance policy from loans and receivables under IAS 39 to financial asset at fair value through profit or loss ("FVTPL") under IFRS 9, the application of IFRS 9 on 1 January 2018 has no impact on the combined financial position of the Group with regard to classification and measurement of financial instruments nor has any material additional impairment been recognised upon application of expected loss approach as at same date. The accounting policies for financial instruments under IFRS 9 are set out in Note 4 below.

New and revised IFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2021.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest

and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, cash flows in relation to operating lease payments are currently presented as operating cash flows. Upon adoption of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows, respectively by the Group.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 April 2018, the Group has non-cancellable operating lease commitments of S$337,000 as disclosed in Note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the result and the net financial position of the Group.

Except as described above, the directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the Group's financial performance and positions and/or the disclosures to the financial statements of the Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control'' of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; or
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from project works is described in the accounting policy on construction contracts below.

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Construction contracts

Revenue from project works is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a

performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

For construction contracts that contain variable consideration such as variations in contract work, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the construction contract only to the extent that it is highly probable that such as inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

The contract assets on construction contracts represent the Group's right to consideration for work completed and not billed as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations.

The contract liabilities on construction contracts represent the Group's obligation to transfer project works to customers for which the Group has received consideration from the customers.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Investment properties classified as held for sale are measured using the fair value model in accordance with IAS 40 Investment Property.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that 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 each reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Retirement benefit costs

Payments to the Central Provident Fund ("CPF") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation', as reported in the combined statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land and building	2.5%
Office equipment	$33^{1}/_{3}\%$
Plant and machinery	10% to 20%
Motor vehicles	10% to 20%
Furniture and fittings	20%
Office renovation	10% to 20% or the lease term, whichever is shorter

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any revaluation increase arising from revaluation of properties is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated (losses) profits.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated (losses) profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the 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.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's properties interest held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Initial recognition under IAS 39 and IFRS 9

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Before the adoption of IFRS 9 on 1 January 2018

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, payments for life insurance policy, amounts due from shareholders, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bills payables, amount due to Hon, obligations under finance leases and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

After the application of IFRS 9

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain of loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains or losses" line item.

All recognised financial assets of the Group that are within the scope of IFRS 9 (including trade and other receivables, pledged bank deposits and bank balance and cash) are subsequently measured at amortised costs.

Financial assets at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other income" line item.

Impairment of financial assets

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, contract assets, pledged bank deposits and bank balance and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (''12m ECL'') represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables and contract assets and measures the lifetime ECL for portfolios of trade receivables and contract assets that share similar economic risk characteristics. The ECL on these assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimate of the credit losses is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread the credit default swap prices for the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant ad verse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group also considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower; or

b) a breach of contract, such as a default or past due event; or

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over one year, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised directly in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of each reporting period.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification of financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, or 2) held-for-trading, or 3) as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Revenue recognition of construction work

The Group recognises contract revenue and profit of a construction contract according to the percentage of completion of construction works, taking into consideration of the management's estimation of the outcome of the project. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 December 2016, 2017 and 30 April 2018, the carrying amounts of contract assets were approximately S$15,865,000, S$25,588,000 and S$26,527,000 respectively (Note 22). As at 31 December 2016, 2017 and 30 April 2018, the carrying amounts of contract liabilities were approximately S$907,000, S$782,000 and S$91,000, respectively (Note 22).

Estimated impairment of trade receivables

Prior to 1 January 2018, the management assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. If there is objective evidence that an impairment loss on trade receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, including unbilled revenue where the actual collection of receivables upon billing to customers are less than expected, an impairment loss may arise.

As at 31 December 2016 and 2017, the carrying amounts of trade receivables of the Group were approximately S$11,724,000 and S$12,020,000 respectively (Note 20).

Starting from 1 January 2018, the Group recognises lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 30 April 2018, the carrying amount of trade receivable is S$7,680,000 (net of allowance for doubtful debts of S$141,000).

6. REVENUE AND SEGMENT INFORMATION

Continuing operations

Revenue represents the fair value of amounts received and receivable from the provision of project works provided by the Group to external customers. The Group's operations is solely derived from Singapore during the Track Record Period. Information are reported to the executive directors of the Company, who are also the chief operating decision maker ("CODM") and the directors of the operating subsidiary, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies described in Note 4. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial performance of the Group as a whole. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented.

Revenue from major services

The Group derives all of its revenue from provision of project works over time in the following major services.

	Year ended 31 December		Four months ended 30 April	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Project works for:				
Building and infrastructure	43,888	85,141	29,498	27,257
Interior decoration	11,054	9,083	3,194	2,827
Term contracts	—	6,617	1,825	8,456
	54,942	100,841	34,517	38,540

Revenue are derived from the below customers:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Government and governmental bodies	17,361	56,459	14,376	24,172
Private companies	37,581	44,382	20,141	14,368
	54,942	100,841	34,517	38,540

All of the Group's revenue are made directly with the customers. Contracts with the Group's customers are mainly fixed price contracts. The respective project works is a single performance obligation that the Group satisfies over time. The period of project works and support services vary from 1 to 3 years.

The customers of the Group include Singapore Government agencies (including statutory boards) and private companies (including housing developers, healthcare providers, institutions of learning, commercial building owners and industrial building owners) in Singapore.

At 31 December 2016, 2017 and 30 April 2018, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) in relation to project works are approximately S$118,882,000, S$151,300,000 and S$124,771,000, respectively. The directors of the Company expect that the unsatisfied performance obligation will be recognised as revenue varying from 1 to 3 years according to the contract period.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group from continuing operations are as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Customer 1	23,283	38,203	16,947	12,969
Customer 2	6,724	N/A[1]	N/A[1]	N/A[1]
Customer 3	6,700	—	N/A[1]	N/A[1]
Customer 4	6,588	18,205	7,545	N/A[1]
Customer 5	N/A[1]	28,053	4,960	16,608

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year/period.

Geographical information

The Group's revenue is all derived from operations in Singapore and the Group's non-current assets are all located in Singapore.

7a. OTHER INCOME

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Continuing operations				
Imputed interest income on amounts due from shareholders *(Note 23)*	336	375	118	—
Government grant and subsidies *(Note)*	253	174	43	40
Engineering service income	160	239	186	—
Rental income	50	116	22	63
Waiver of trade payables from suppliers	22	27	—	—
Sales of scrap metal	51	57	19	140
Sundry income	69	65	47	5
	941	1,053	435	248

Note: The government grants and subsidies received mainly comprise the Special Employment Credit ("SEC") in Singapore. Under SEC, the government aims to encourage and facilitate Singapore-registered business to hire older Singaporean workers.

7b. OTHER GAINS OR LOSSES

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Continuing operations				
Loss from changes in fair value of investment properties	(126)	(20)	—	—
Compensation expenses *(Note i)*	—	(2,941)	—	(1,198)
Compensation income from insurance company *(Note ii)*	—	2,941	—	1,198
	(126)	(20)	—	—

Notes:

(i) The amount represents payments of claim arising from loss and damage to property in respect of an accidental fire incident at the work site of a project in May 2017 ("Claims"). An amount of S$1,510,000 and S$1,105,000 were paid to the relevant employees and subcontractors during the year ended 31 December 2017 and the four months ended 30 April 2018, respectively. The remaining balance of S$1,431,000 and S$1,524,000 are included in claims payables at 31 December 2017 and 30 April 2018, respectively (Note 26).

(ii) The amount represents the income from an insurance company in relation to the Claims. An amount of S$120,000 and S$2,243,000 were received during the year ended 31 December 2017 and the four months ended 30 April 2018, respectively. The remaining balance of S$2,821,000 and S$1,776,000 are included in insurance claims receivables (Note 21) at 31 December 2017 and 30 April 2018, respectively, and S$1,000,000 of which was subsequently received after the end of the reporting period.

8. FINANCE COSTS

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Continuing operations				
Interest on:				
Bank borrowings	188	191	54	39
Bills payables	178	245	24	65
Finance leases	77	81	28	24
Bank overdrafts	42	5	4	3
	485	522	110	131

9. INCOME TAX EXPENSE

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Continuing operations				
Tax expense comprises:				
Current Tax				
— Singapore corporate income tax ("CIT")	—	10	435	315
Deferred tax *(Note 30)*	155	1,187	—	6
	155	1,197	435	321

Singapore CIT is calculated at 17% of the estimated assessable profit for the Track Record Period. No Singapore CIT is payable for the year ended 31 December 2016 since there was no assessable profits in 2016, and the assessable profits for the year ended 31 December 2017 was reduced by tax loss carried forward.

The tax charge for the Track Record Period can be reconciled to the profit (loss) before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Profit (loss) before taxation (from continuing operations)	1,369	6,385	2,280	(124)
Tax at Singapore CIT rate of 17%	233	1,085	388	(21)
Tax effect of expenses not deductible for tax purpose	80	149	73	365
Tax effect of income not taxable for tax purpose	(27)	(7)	(20)	—
Effect of tax concession *(Note)*	(141)	(46)	(17)	(37)
Others	10	16	11	14
Income tax expense for the year/period (from continuing operations)	155	1,197	435	321

Note: Tax concession pertains to incentive schemes given by the Singapore tax authority. One of the major tax concession is Productivity and Innovation Credit ("PIC") Scheme. Under the PIC Scheme, Hon enjoys 400% tax deductions for qualifying expenditure incurred during the Years of Assessment.

10. PROFIT (LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Continuing operations				
Profit (loss) for the year/period has been arrived at after charging:				
Directors' emoluments *(Note 12)*				
Salaries, allowances and other benefits	872	865	281	296
Retirement benefit scheme contributions	41	39	12	12
	913	904	293	308
Other staff costs				
Salaries, wages and other benefits	6,455	7,364	3,031	2,729
Retirement benefits scheme contributions	365	370	123	121
	6,820	7,734	3,154	2,850
Total staff costs	7,733	8,638	3,447	3,158
Auditor's remuneration	20	51	17	12
Depreciation of property, plant and equipment	1,234	1,299	401	427
Loss on disposals of property, plant and equipment	41	96	11	60
Gross rental income from investment properties	50	82	22	49
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	(7)	(7)	(7)	(66)
	43	75	15	(17)
Impairment loss recognised in respect of trade receivables	—	—	—	141
Direct written off of bad debts	5	—	—	—

11. DISCONTINUED OPERATIONS

On 31 December 2017, the Group entered into a sale agreement with Mr. Tan, the non-controlling shareholder of Advanced Engineering, to dispose of a subsidiary, Advanced Engineering, which carried out the manufacturing and repairing business. The disposal was completed on 31 December 2017, on which date control of Advanced Engineering passed to the acquirer.

The profit (loss) for the year/period from the discontinued manufacturing and repairing business is set out below.

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Profit (loss) of manufacturing and repairing business for the year/period	43	(595)	(291)	—
Gain on disposal of manufacturing and repairing business *(Note 37)*	—	200	—	—
	43	(395)	(291)	—

The results of the manufacturing and repairing business for the period from 1 January 2016 to 31 December 2017, which have been included in the combined statements of profit or loss and other comprehensive income, were as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Revenue	3,102	1,954	428	—
Cost of sales	(1,854)	(1,397)	(277)	—
Other income	115	100	34	—
Administrative expenses	(1,183)	(1,223)	(472)	—
Finance costs	(137)	(29)	(4)	—
Profit (loss) before taxation	43	(595)	(291)	—
Income tax expense	—	—	—	—
Profit (loss) for the year/period and total comprehensive income (expense) for the year/period	43	(595)	(291)	—

Profit (loss) for the year/period from discontinued operations includes the following:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Auditor's remuneration	6	7	—	—
Depreciation of property, plant and equipment	113	110	52	—
Loss on fair value changes of investment property	(126)	(20)	—	—

Cash flows from the discontinued operations are as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Net cash from (used in) operating activities	250	2	(177)	—
Net cash (used in) from investing activities	(11)	(65)	107	—
Net cash (used in) from financing activities	(595)	(45)	98	—
Net cash (outflows) inflows	(356)	(108)	28	—

The carrying amounts of the assets and liabilities of Advanced Engineering at the date of disposal are disclosed in Note 37.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Name	Position	Date of appointment as the directors of the Company
Mr. Ho	Executive Director and Chairman of the Board	8 February 2018
Mr. Lim	Executive Director	8 February 2018
Ms. Ng Mei Yun ("Ms. Ng")	Executive Director	8 February 2018
Mr. Lau Wang Lap	Independent non-executive Director	4 October 2018
Mr. Ng Chye Kim	Independent non-executive Director	4 October 2018
Mr. Chan Shun Yin	Independent non-executive Director	4 October 2018

Details of the emoluments paid or payable (including emoluments for the services as employees or directors of the group entities prior to becoming directors of the Company) to the directors and chief executive of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

Year ended 31 December 2016

	Fee	**Salaries, allowances and other benefits**	**Discretionary bonus**	**Retirement benefit scheme contributions**	**Total**
	S$'000	*S$'000*	*S$'000 (Note ii)*	*S$'000*	*S$'000*
Mr. Ho *(Note i)*	—	360	—	12	372
Mr. Lim	—	360	—	12	372
Ms. Ng	—	122	30	17	169
	—	842	30	41	913

Year ended 31 December 2017

	Fee	**Salaries, allowances and other benefits**	**Discretionary bonus**	**Retirement benefit scheme contributions**	**Total**
	S$'000	*S$'000*	*S$'000 (Note ii)*	*S$'000*	*S$'000*
Mr. Ho *(Note i)*	—	360	—	12	372
Mr. Lim	—	360	—	12	372
Ms. Ng	—	129	16	15	160
	—	849	16	39	904

Four months ended 30 April 2017 (unaudited)

	Fee	**Salaries, allowances and other benefits**	**Discretionary bonus**	**Retirement benefit scheme contributions**	**Total**
	S$'000	*S$'000*	*S$'000 (Note ii)*	*S$'000*	*S$'000*
Mr. Ho *(Note i)*	—	120	—	4	124
Mr. Lim	—	120	—	4	124
Ms. Ng	—	41	—	4	45
	—	281	—	12	293

Four months ended 30 April 2018

	Fee	Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total
	S$'000	*S$'000*	*S$'000 (Note ii)*	*S$'000*	*S$'000*
Mr. Ho *(Note i)*	—	120	—	4	124
Mr. Lim	—	120	—	4	124
Ms. Ng	—	56	—	4	60
	—	296	—	12	308

Notes:

(i) Mr. Ho was appointed as an executive director and the chairman of the board of directors of the Company. In addition to above, the Group had purchased a life insurance policy with an insurance company to insure Mr. Ho (Note 18).

(ii) Discretionary bonus was determined with reference to the Group's operating results and individual performance of the executive directors of the Company.

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Company and the Group.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the Track Record Period include three executive directors for each of the years ended 31 December 2016, 2017 and the four months ended 30 April 2018. The emoluments of the remaining individuals for the Track Record Period are as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Salaries, allowances and other benefits	253	276	361	397
Discretionary bonus	59	33	—	—
Retirement benefit scheme contributions	35	30	20	20
	347	339	381	417

The number of the highest paid employee who are not the directors of the Company whose emoluments fell within the following band is as follows:

	Year ended 31 December		Four months ended 30 April	
	2016	2017	2017	2018
	No. of employee	*No. of employee*	*No. of employee* (unaudited)	*No. of employee*
Nil to HK$1,000,000	1	1	2	2
HK$1,000,001 to HK$1,500,000	1	1	—	—

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company nor the five highest paid individuals waived any emoluments during the Track Record Period.

14. DIVIDENDS

No dividend has been paid or declared by the Company or group entities during years ended 31 December 2016. During the year ended 31 December 2017, an interim dividend of S$53.8 cents per share, in aggregate amount of S$3,499,000, has been declared by Hon which are settled through the amounts due from shareholders.

15. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the financial performance of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Office equipment	Plant and machinery	Motor vehicles	Furniture and fittings	Office renovation	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
COST OR VALUATION							
As at 1 January 2016	14,244	617	2,283	2,756	188	417	20,505
Additions	—	54	474	963	20	260	1,771
Disposals	—	—	(254)	(422)	—	—	(676)
Reclassification to investment properties	(2,196)	—	—	—	—	—	(2,196)
As at 31 December 2016	12,048	671	2,503	3,297	208	677	19,404
Additions	—	78	508	195	12	12	805
Surplus on valuation	203	—	—	—	—	—	203
Disposals	—	—	(276)	(722)	—	—	(998)
Disposal of a subsidiary *(Note 37)*	(1,226)	(55)	(91)	(101)	(13)	(272)	(1,758)
As at 31 December 2017	11,025	694	2,644	2,669	207	417	17,656
Additions	1,200	17	16	—	—	—	1,233
Surplus on valuation	25	—	—	—	—	—	25
Disposals	—	—	—	(389)	—	—	(389)
As at 30 April 2018	12,250	711	2,660	2,280	207	417	18,525
ACCUMULATED DEPRECIATION							
As at 1 January 2016	363	273	615	701	83	112	2,147
Provided for the year	287	181	436	304	31	108	1,347
Elimination on revaluation	(347)	—	—	—	—	—	(347)
Elimination on disposals	—	—	(130)	(259)	—	—	(389)
Reclassification to investment properties	(54)	—	—	—	—	—	(54)
As at 31 December 2016	249	454	921	746	114	220	2,704
Provided for the year	295	153	494	326	32	109	1,409
Elimination on revaluation	(544)	—	—	—	—	—	(544)
Elimination on disposals	—	—	(147)	(160)	—	—	(307)
Disposal of a subsidiary *(Note 37)*	—	(46)	(83)	(64)	(12)	(126)	(331)
As at 31 December 2017	—	561	1,185	848	134	203	2,931
Provided for the period	102	43	150	97	10	25	427
Elimination on revaluation	(102)	—	—	—	—	—	(102)
Elimination on disposals	—	—	—	(255)	—	—	(255)
As at 30 April 2018	—	604	1,335	690	144	228	3,001
CARRYING VALUES							
As at 31 December 2016	11,799	217	1,582	2,551	94	457	16,700
As at 31 December 2017	11,025	133	1,459	1,821	73	214	14,725
As at 30 April 2018	12,250	107	1,325	1,590	63	189	15,524

Leasehold land and buildings are carried at valuation while all other items of property, plant and equipment are carried at cost less accumulated depreciation.

The carrying value of the following items are assets held under finance leases:

	As at 31 December		At as 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Plant and machinery	805	969	688
Motor vehicles	2,144	1,724	1,112
Office equipment	23	11	—
	2,972	2,704	1,800

Included in the additions of property, plant and equipment amounting to S$583,000, S$461,000 and nil, were acquired under hire purchase arrangements during the years ended 31 December 2016 and 2017 and four months ended 30 April 2018, respectively. There constituted as non-cash transactions during respective years.

Fair value measurement of the Group's leasehold land and buildings

The Group's leasehold land and buildings was valued on 31 December 2016 and 2017 and 30 April 2018 by Roma Appraisals Limited, independent valuers located at 22/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong that not related to the Group. The valuation committee works closely with the qualified external valuers, who is a Registered Professional Surveyor (General Practice), to establish the appropriate valuation techniques and inputs to the model.

The fair value of the leasehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the building under review. There has been no change to the valuation technique during the years ended 31 December 2016 and 2017 and the four months ended 30 April 2018.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key unobservable inputs used in valuing the leasehold land and buildings was the adjusted price per square metre. The weighted average market unit rates adopted as at 31 December 2016 and 2017 and 30 April 2018 are S$4,900, S$4,800 and S$4,900 per square metre respectively. A slight increase in the adjusted price per square metre used would result in an increase in the fair value measurement of the land and buildings, and vice versa.

The fair values of the Group's land and buildings as at 31 December 2016 and 2017 and 30 April 2018 are S$11,800,000, S$11,025,000 and S$12,250,000 respectively.

The fair value measurement as at 31 December 2016 and 2017 and 30 April 2018 is categorised as level 3. There were no transfers into or out of Level 3 during the years ended 31 December 2016 and 2017 and 30 April 2018.

If the leasehold land and buildings had not been revalued, they would have been included in these combined financial statements at historical cost less accumulated depreciation of S$11,484,000, S$11,196,000 and S$11,100,000 for the years ended 31 December 2016 and 2017 and four months ended 30 April 2018, respectively.

The leasehold land and buildings are mortgaged to the bank to secure for certain bank loans of the Group as at 31 December 2016, 2017 and 30 April 2018, respectively (Note 29).

17. INVESTMENT PROPERTIES

	Year ended 31 December		Four months ended 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Beginning of the year/period	—	1,890	—
Reclassification from property, plant and equipment *(Note 16)*	2,142	—	—
Reclassification to asset classified as held-for-sale *(Note 25)*	—	(925)	—
Disposal of a subsidiary *(Note 37)*	—	(925)	—
Fair value adjustments	(252)	(40)	—
End of the year/period	1,890	—	—

The above investment properties are located in Singapore.

The investment properties are mortgaged to the bank to secure for certain bank loans of the Group as at 31 December 2016 (Note 29).

As at 31 December 2016, the fair value of the investment properties amounted to S$1,890,000. The investment properties at fair value of S$925,000 were reclassified as asset classified as held-for-sale on 31 December 2017.

The fair value at 31 December 2016 and date of transfer to asset classified as held-for-sale (31 December 2017) was determined based on valuation carried out by Roma Appraisals Limited, independent valuer not related to the Group. Direct comparison approach has been adopted, in arriving at the open market value for the years ended 31 December 2016 and 2017. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment property include price per square foot. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

In estimating the fair value, the highest and best use is their current use.

	Valuation technique	Significant unobservable input	Sensitivity
Commercial properties units located in Singapore	Direct comparison approach	Price per square foot	A significant increase in the price per square foot used would result in a significant increase in fair value, and vice versa.

The fair values of the Group's investment properties as at 31 December 2016 and 31 December 2017 (on which the investment property was transferred to asset classified held-for-sale) are S$1,890,000 and S$925,000 respectively.

The fair value measurement as at 31 December 2016 and 2017 is categorised as level 3. There were no transfer into or out of Level 3 during the years ended 31 December 2016 and 2017.

18. PAYMENTS FOR LIFE INSURANCE POLICY/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Payments for life insurance policy			
— Loans and receivables cost	328	328	N/A
— Financial asset at fair value through profit or loss	—	—	328
	328	328	328

On 23 March 2016, the Group entered into a life insurance policy with an insurance company to insure Mr. Ho Lien Hwai, a director of the Company (the "Policy"). Under this Policy, the Group is the beneficiary and policy holder and the total insured sum is approximately S$1,002,000. The Group paid a single premium of S$328,000 at inception. The Group can request a partial surrender or full surrender of the policy at any time and receive cash back based on the account value of the policy (the "Account Value") at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If such withdrawal is made between the 1st to 19th policy years, a pre-determined specified surrender charge would be deducted from the Account Value. This insurance company will pay the Group a guaranteed interest rate of 2% per annum and a variable return per annum afterwards during the effective period of the policy.

The payments for life insurance policy were classified as loans and receivables as at 31 December 2016 and 2017. Upon the application of IFRS 9 on 1 January 2018, such balances were reclassified as financial assets at FVTPL which are measured at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss.

19. INVENTORIES

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Consumables and parts	175	—	—

20. TRADE RECEIVABLES

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Trade receivables	9,501	9,262	5,895
Less: Allowance for doubtful debt	—	—	(141)
	9,501	9,262	5,754
Unbilled revenue *(Note)*	2,223	2,758	1,926
Total trade receivables	11,724	12,020	7,680

Note: Unbilled revenue are those accrued revenue which payment certificate is issued by the customers but no billing has been raised to customer.

The Group grants credit terms to customers typically range from 0 to 35 days from the invoice date for trade receivables.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

The table below is an ageing analysis of trade receivables presented based on the invoice dates at the end of each reporting period.

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Within 30 days	7,789	8,079	5,645
31 days to 60 days	1,114	347	67
61 days to 90 days	5	414	9
Over 90 days	593	422	33
	9,501	9,262	5,754

Prior to 1 January 2018, the Group recognised the allowance for certain trade receivables which has been past due and considered as doubtful debts or irrecoverable by the management.

Included in the Group's trade receivables balance as at 31 December 2016 and 2017 with aggregate carrying amount of S$2,228,000 and S$1,560,000, respectively, which are past due at the end of each reporting period for which the Group has not provided for impairment, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	As at 31 December	
	2016	2017
	S$'000	*S$'000*
Overdue:		
0–30 days	1,079	409
31–60 days	552	315
Over 60 days	597	836
	2,228	1,560

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. In the opinion of the directors of the Company, apart from those balances for which allowances have been provided, other trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group, subsequent settlement and forward-looking information and the Group considers any change in the expected life of the trade receivables at the end of each reporting period, the management believes that no impairment allowance is necessary in respect of unsettled balances.

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Notes 4 and 36b.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Details of the credit risk assessment are included in Note 36b.

Movement in allowance for doubtful debts for years ended 31 December 2016 and 2017, and movement in lifetime ECL that has been recognised in accordance with simplified approach set out in IFRS for four months period ended 30 April 2018

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
At the beginning of the year/period	—	—	—
Amounts charge to profit and loss	—	—	141
At the end of the year/period	—	—	141

All of the above impairment losses related to receivables arising from contracts with customers.

The movement for the four months period 30 April 2018, i.e. in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9. During the four months ended 30 April 2018, impairment loss of S$141,000 was recognised for credit-impaired trade receivables and no impairment loss was recognised for non-credit impaired trade receivables.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group			The Company
	As at 31 December		As at 30 April	As at 30 April
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Deposits	241	243	241	—
Prepaid share issue costs	—	—	753	753
Prepayments	108	313	107	—
Prepayments to sub-contractors *(Note i)*	59	3,079	4,167	—
Insurance claims receivables *(Note 7b) (Note iii)*	—	2,821	1,776	—
Other receivables *(Note ii)*	69	1,816	—	—
Others	26	2	127	—
	503	8,274	7,171	753

Notes:

(i) The prepayments to sub-contractors represent down payment for certain public residential projects. Such amounts will be utilised within 12 months after reporting period.

(ii) The amounts represent amounts due from Mr. Tan, a non-controlling shareholder of Advanced Engineering, and Advanced Engineering. Such balances were non-trade related, non-interest bearing and repayable on demand.

(iii) The directors of the Company considered that the ECL for insurance claims receivables is insignificant as at 30 April 2018.

22. CONTRACT ASSETS AND LIABILITIES

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Analysed for reporting purposes as:			
Contract assets	15,865	25,588	26,527
Contract liabilities	(907)	(782)	(91)
	14,958	24,806	26,436

Movements of contract liabilities as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
At the beginning of the year/period	224	907	782
Receipt from customers	11,687	6,076	1,825
Revenue recognised upon the provision of project works	(11,004)	(6,201)	(2,516)
At the end of the year/period	907	782	91

As at 31 December 2016 and 2017 and 30 April 2018, included in contract assets are retention money held by customers for construction work amounted to S$3,766,000, S$6,580,000 and S$7,109,000, which were expected to be recovered or settled in more than twelve months from the end of corresponding periods.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of project works.

The contract liabilities primarily relate to the Group's obligation to transfer project works services to customers for which the Group has received consideration from the customers.

Retention money is unsecured, interest-free and expected to be received within the Group's normal operating cycle.

The directors of the Company considered that the ECL for contract assets is insignificant as at 30 April 2018.

23. AMOUNTS DUE FROM (TO) SHAREHOLDERS/HON

(a) Amounts due from shareholders

					Maximum amount outstanding during		
	As at 1 January	As at 31 December		As at 30 April	Year ended 31 December		The four months ended
	2016	2016	2017	2018	2016	2017	30 April 2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Mr. Ho	2,052	2,807	121	—	2,807	2,807	121
Mr. Lim	1,210	1,425	122	—	1,425	1,425	122
	3,262	4,232	243	—	4,232	4,232	243

The balances were non-trade related, unsecured, interest free and repayable on demand as at 31 December 2016 and 2017. Except for balances of S$1,177,000 and S$243,000 as at 31 December 2016 and 2017, respectively, the remaining balances were measured at amortised cost using effective interest rate of 12% per annum during the Track Record Period. The imputed interest income recognised in profit or loss for the years ended 31 December 2016 and 2017 was S$336,000 and S$375,000, respectively. As at 31 December 2016 and 2017, the amount was expected to be within twelve months after the end of the reporting period and were, therefore, classified under current assets.

(b) Amount due to Hon

The amount due to Hon of the Company is non-trade nature, unsecured, interest free and repayable on demand.

24. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Pledged bank deposits *(Note a)*	700	704	906
Bank balances and cash *(Note b)*	554	2,762	4,633

Notes:

(a) The balances represent fixed deposits placed to banks for the purpose of securing certain bills payable and borrowings as disclosed in Note 27 and Note 29, respectively. The balances mature on varying dates within 1 to 12 months and carry interest ranging from 0.35% to 1.00% per annum as at 31 December 2016, 2017 and 30 April 2018, respectively.

(b) The Group's bank balances carry interest at prevailing market rate of 0.1% per annum at 31 December 2016, 2017 and 30 April 2018.

The directors of the Company considered that the ECL for bank balances and pledged bank deposits is insignificant as at 30 April 2018.

25. ASSET CLASSIFIED AS HELD-FOR-SALE

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Commercial property classified as investment property	—	925	—
Less: Liabilities associated with assets classified as held-for-sale	—	(674)	—
Net assets	—	251	—

On 18 December 2017, a potential buyer, an independent third party, entered into an agreement with the Group to purchase its investment property for a cash consideration of S$925,000. Accordingly, the investment property was presented as asset classified as held-for-sale in the combined statements of financial position. This disposal has been completed on 13 March 2018. Disclosure of fair value measurement of the investment property is set out in note 17.

The investment property with an aggregated carrying value of approximately S$925,000 as at 31 December 2017 is secured to the bank for bank loans and facilities granted, which was presented as liabilities associated with assets classified as held-for-sale as at 31 December 2017.

26. TRADE AND OTHER PAYABLES

	The Group			The Company
	As at 31 December		As at 30 April	As at 30 April
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade payables	11,321	16,265	15,958	—
Trade accruals	9,019	7,275	9,278	—
Retention payables	1,503	3,788	4,195	—
Claims payables *(Note 7b)*	—	1,431	1,524	—
Goods and service tax payable	110	204	433	—
Others payables and accruals	1,368	934	1,978	754
	23,321	29,897	33,366	754

The average credit period of the trade payables is 60 days. The ageing analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Trade payables:			
1–30 days	4,613	4,948	5,871
31–60 days	3,916	5,888	4,360
61–90 days	1,657	2,699	2,725
Over 90 days	1,135	2,730	3,002
	11,321	16,265	15,958

The retention payables are aged within one year based on the invoice date at the end of each reporting period.

27. BILLS PAYABLES

The ageing analysis of the bills payables based on issuance date at the end of each reporting period is as follows:

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
1–30 days	1,437	6,079	2,387
31–60 days	4,783	2,759	2,442
61–90 days	2,157	3,683	3,272
Over 90 days	805	1,874	3,447
	9,182	14,395	11,548

Bills payables are guaranteed by joint and several personal guarantees given by Mr. Ho and Mr. Lim and secured by pledged deposits. As represented by the directors of the Company, the personal guarantees will be released upon the Listing. The effective interest rate ranging from 2.4% to 5.5% per annum, from 2.6% to 4.4% per annum and from 2.7% to 5.2% per annum as at 31 December 2016 and 2017 and 30 April 2018, respectively.

28. OBLIGATIONS UNDER FINANCE LEASES

The Group leases some of its motor vehicles and plant and equipment under finance leases, with joint and several personal guarantees given by Mr. Ho and Mr. Lim. As represented by the directors of the Company, the personal guarantees will be released upon the Listing. The lease term is 7 to 10 years. The effective finance leases rate ranging from 1.5% to 3.0% per annum, from 1.9% to 4.1% per annum and from 1.8% to 4.0% per annum as at 31 December 2016, 2017 and 30 April 2018, respectively. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December		As at 30 April	As at 31 December		As at 30 April
	2016	2017	2018	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Obligations under finance lease payable:						
Within one year	738	701	550	666	648	505
Within a period of more than one year but not more than five years	1,379	868	599	1,290	817	564
Within a period of more than five years	—	19	16	—	19	16
	2,117	1,588	1,165	1,956	1,484	1,085
Less: future finance charges	(161)	(104)	(80)	N/A	N/A	N/A
Present value of lease obligations	1,956	1,484	1,085	1,956	1,484	1,085
Less: Amount due for settlement within 12 months (shown under current liabilities)				(666)	(648)	(505)
Amount due for settlement after 12 months				1,290	836	580

29. BORROWINGS

	As at 31 December		As at 30 April
	2016	2017	2018
	S$'000	*S$'000*	*S$'000*
Bank overdrafts *(Note a)*	864	851	—
Bank loans *(Note b)*			
— secured	7,335	5,630	5,535
— guaranteed and unsecured	1,344	715	—
	9,543	7,196	5,535
Carrying amount of the above bank overdrafts and loans analysed as:			
Within one year	2,158	1,723	279
More than one year but not exceeding two years	747	423	290
More than two years but not exceeding five years	1,139	922	917
More than five years	5,499	4,128	4,049
	9,543	7,196	5,535
Less: Amounts due within one year shown under current liabilities	(2,158)	(1,723)	(279)
Amounts due for settlement after 12 months	7,385	5,473	5,256

Notes:

(a) Bank overdrafts of the Group are guaranteed by joint and several personal guarantees given by Mr. Ho and Mr. Lim. The effective interest rates for the floating rate bank overdrafts ranging from 4.25% to 6.75% per annum as at 31 December 2016 and 2017 and 30 April 2018.

(b) The bank loans are variable-rate borrowings which carry interest at (i) Singapore Interbank Offered Rate ("SIBOR") plus 3.0% per annum or (ii) 1-month Cost of Funds of the bank plus 1.15% per annum for the year ended 31 December 2016 and 2017 and four months ended 30 April 2018. As at 31 December 2016 and 2017 and 30 April 2018, the effective interest rate on the Group's borrowings is ranging from 2.07% to 2.24% per annum, from 2.24% to 2.32% per annum and from 1.41% to 3.18% per annum, respectively.

The bank loans are guaranteed by (i) joint and several personal guarantees given by Mr. Ho and Mr. Lim; and secured by (ii) pledged deposits; and/or (iii) the Group's properties with an aggregate carrying value of approximately S$13,690,000, S$11,025,000 and S$12,250,000 as at 31 December 2016 and 2017 and 30 April 2018, respectively and/or (iv) the properties of Advanced Engineering as at 31 December 2017.

30. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognised and movements thereon during Track Record Period:

	Tax loss	Accelerated accounting/tax depreciation	Total
	S$'000	*S$'000*	*S$'000*
As at 1 January 2016	955	176	1,131
Credit (charge) to profit or loss	2	(157)	(155)
As at 31 December 2016	957	19	976
Charge to profit or loss	(957)	(230)	(1,187)
As at 31 December 2017	—	(211)	(211)
Charge to profit or loss	—	(6)	(6)
As at 30 April 2018	—	(217)	(217)

At 31 December 2016, the Group has unused tax losses of S$5,619,000 available for offset against future profits and deferred tax asset has been recognised in respect of such losses. The unused tax losses have been fully utilised during the year ended 31 December 2017.

31. COMBINED CAPITAL

The issued share capital as at 31 December 2016 represents share capital of Hon amounting to S$6,500,000.

The issued share capital as at 31 December 2017 represents the aggregate amount of the share capital of Hon amounting to S$6,500,000 and Energy Turbo amounting to US$1.

The issued share capital as at 30 April 2018 represents the aggregate amount of the share capital of Hon amounting to S$6,500,000, Energy Turbo amounting to US$1 and the Company amounting to HK$1.

On 31 October 2017, Energy Turbo was incorporated in BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1, of which one nil-paid share had been allotted and issued at par to the Company on 9 February 2018.

The Company

On 8 February 2018, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber and transferred to an independent third party at nil paid on the same day. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each at the time of incorporation. The share was subsequently transferred to Bizstar Global at nil consideration on 8 February 2018.

31a. MOVEMENT IN THE COMPANY'S RESERVE

	Accumulated losses
	S$'000
At 8 February 2018 (date of corporation)	—
Loss and total comprehensive expense for the period	(2,040)
At 30 April 2018	(2,040)

32. OPERATING LEASES COMMITMENTS

The Group as lessee

	Year ended 31 December		**Four months ended 30 April**	
	2016	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
			(unaudited)	
Minimum lease payments paid under operating leases during the year/period	102	113	29	88

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		**As at 30 April**
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Within one year	109	62	137
In the second to fifth year inclusive	124	62	200
	233	124	337

Operating lease payments represent rentals payable by the Group for its rental premises and office equipment. Lease term are negotiated and rentals are fixed for an average of two years.

The Group as lessor

Rental income from certain properties earned during the year ended 31 December 2016, 2017 and the four months ended 30 April 2018 was S$50,000, S$82,000 and S$49,000, respectively. All of the properties held have committed tenants for the next 2 years from date of rental agreements.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December		As at 30 April
	2016	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*
Within one year	22	147	98
In the second to fifth year inclusive	4	—	—
	26	147	98

33. RETIREMENT BENEFIT PLANS

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the year ended 31 December 2016, the Group contributed up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying capped at S$1,020 per month.

The total costs charged to profit and loss, amounted to S$406,000, S$409,000 and S$125,000 for the years ended 31 December 2016 and 2017 and four months ended 30 April 2018 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2016, 2017 and 30 April 2018, the CPF contribution payables amounted to S$130,000, S$85,000 and S$76,000, respectively were paid subsequent to the end of the respective years/period.

34. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the Historical Financial Information, the Group had entered into the following related party transactions:

Name of related company	Relationship	Nature of transaction	Year ended 31 December		Four months ended 30 April	
			2016	2017	2017	2018
			S$'000	*S$'000*	*S$'000* (unaudited)	*S$'000*
Hilandas Property & Facilities Management Pte. Ltd.	Wholly-owned by the spouse of Mr. Ho	Sub-contracting services paid	—	20	—	—
Hon Builder Pte. Ltd.	Wholly-owned by Mr. Yap Meng Keong, the brother-in-law of Mr. Ho	Sub-contracting services paid	58	86	48	7
		Sub-contracting service received	(48)	—	—	—
		Rental income	—	—	—	8
Wee Jo Enterprise Pte. Ltd.	Owned as to 48% by Mr. Ho Nam Joo and 52% by Ms. Ho Chong Min, the brother and niece of Mr. Ho, respectively	Sub-contracting services paid	48	77	34	8
City Garden Pte. Ltd.	Owned as to 71.19% by Mr. Lim Beng Keong, the cousin of Mr. Lim	Sub-contracting services paid	—	258	1	56

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Company. The remuneration of the directors of the Company is set out in Note 12.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 29, net of cash and cash equivalents and equity of the Company, comprising issued share capital and accumulated profits.

The directors of the Company review the capital structure from time to time. As a part of this review, the directors of the Company considers the cost of capital and the risks associated with share capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group			The Company
	As at 31 December		As at 30 April	As at 30 April
	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	17,538	16,057	N/A	—
Amortised cost	N/A	N/A	13,219	—
At FVTPL	—	—	328	—
Financial liabilities				
Amortised cost	41,936	51,488	50,449	2,039
Financial liabilities associated with assets held-for-sale				
Amortised cost	—	674	—	—

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, payments for life insurance policy, financial asset at FVTPL, amounts due from (to) shareholders, pledged bank deposits, bank balances and cash, trade and other payables, bills payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances, and variable rate of overdraft, interest incurred on borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance leases. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group's floating rate borrowings are also exposed to cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower than the SIBOR and all other variables were held constant, the Group's post-tax profit (loss) for the year ended 31 December 2016 and 2017 and four months ended 30 April 2018 would decrease/increase by approximately S$30,000, S$25,000 and S$23,000, respectively.

Credit risk

Before adoption of IFRS 9 as at 1 January 2018

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2016 and 2017.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provide for on timely manner. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, directors of the Company considers that the Group's credit risk is significantly reduced.

Approximately 80%, 87% respectively of total trade receivables outstanding at 31 December 2016 and 2017 were due from top 5 customers which exposed the Group to concentration of credit risk. The Group has also concentration of credit risk on the amounts due from shareholders as at 31 December 2016.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the directors of the Company has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits and balances placed in 3 banks in which the counterparties are financially sound and on trade receivables from top 5 customers, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

After adoption of IFRS 9 as at 1 January 2018

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

The Group is exposed to concentration of credit risk at 30 April 2018 on trade receivables from the Group's top five major customers accounted for 91% of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit-impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ELC-credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The directors of the Company considered that the ECL for trade receivables is insignificant as at 30 April 2018.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

Liquidity tables

The Group

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 31 December 2016						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	23,211	—	—	23,211	23,211
Interest bearing instruments						
Bills payables	3.9	9,257	—	—	9,257	9,182
Obligations under finance leases	2.3	738	1,379	—	2,117	1,956
Borrowings	3.0	2,352	2,461	6,294	11,107	9,543
		35,558	3,840	6,294	45,692	43,892
At 31 December 2017						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	29,693	—	—	29,693	29,693
Interest bearing instruments						
Bills payables	3.5	14,541	—	—	14,541	14,395
Obligations under finance leases	3.0	701	868	19	1,588	1,484
Borrowings	2.8	1,849	1,786	4,691	8,326	7,196
		46,784	2,654	4,710	54,148	52,768
At 30 April 2018						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	32,933	—	—	32,933	32,933
Interest bearing instruments						
Bills payables	3.7	11,989	—	—	11,989	11,548
Obligations under finance leases	2.3	550	599	16	1,165	1,085
Borrowings	2.6	429	1,695	4,662	6,786	5,535
		45,901	2,294	4,678	52,873	51,101

Financial liabilities associated with assets classified as held for sale:

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
As at 31 December 2017						
Non-derivative financial liabilities						
Interest bearing instrument						
Borrowings	2.2	53	210	530	793	674

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

The Company

The amount due to Hon is interest free and repayable on demand.

c. Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurement of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at				
Financial assets	**31.12.2016**	**31.12.2017**	**30.4.2018**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	S$'000	*S$'000*	*S$'000*		
Unlisted life insurance policy	N/A	N/A	328	Level 3	Quoted price for insurance policy

The fair value of the life insurance policy purchased for a key management personnel of the Group are determined based on the cash surrender value of the life insurance policy which is not an observable input. Management estimates the fair value based on the latest information of the life insurance policy provided by respective insurance companies.

Based on historical change in the cash surrender value of the insurance policy, there is an average increase in cash surrender value of approximately 1% per annum during the Track Record Period. Applying this percentage of increase/decrease in the quoted price, the Group's loss for the four months ended 30 April 2018 would decrease and increase by approximately S$3,000 and S$3,000, respectively.

There were no changes in Level 3 instruments during the four months period ended 30 April 2018.

Fair value measurement of the Group's financial assets that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

37. DISPOSALS OF SUBSIDIARIES

As referred to in Note 11, on 31 December 2017, the Company and the non-controlling shareholder of Advanced Engineering entered into a sales and purchase agreement in relation to the disposal of the entire issued capital of Advanced Engineering to Mr. Tan at a consideration of S$5,000. The Disposal was completed on 31 December 2017.

The following are the assets and liabilities in respect of Advanced Engineering disposed of on the date of completion:

	S$'000
Investment property *(Note 17)*	925
Property, plant and equipment	1,427
Inventories	77
Trade and other receivables	1,295
Cash and cash equivalents	3
Obligations under financial lease	(67)
Borrowings	(942)
Trade and other payables	(1,238)
Amount due to Hon	(1,816)
Net liabilities disposal of	(336)
Non-controlling interest derecognised	141
Cash consideration	(5)
Gain on disposal *(note 11)*	(200)
Net cash inflow arising on disposal	
Cash consideration	5
Less: bank balances and cash disposed	(3)
	2

The impact of Advanced Engineering's results and cash flows in the current and prior year are disclosed in Note 11.

On 20 February 2018, Hon and Mr. Wong Ka Hui Roy ("Mr. Roy Wong"), an independent third party, entered into a sale and purchase agreement, pursuant to which Hon transferred the entirety of its 100% interest in the issued share capital of GK Development Pte. Ltd. ("GK Development") to Mr. Roy Wong at a consideration of S$124,000. Such disposal was subsequently completed on 17 May 2018.

The following are the asset and liability in respect of GK Development disposed of on the date of completion:

	S$'000
Asset	
Cash and cash equivalent	125
Liability	
Trade and other payables	1
Net asset derecognised	124
Cash consideration received	(124)
Gain on disposal	—

38. NON-CASH TRANSACTION

During the years ended 31 December 2016 and 2017, additional property, plant and equipment amounting of S$583,000 and S$461,000, respectively, was acquired under hire purchase arrangements.

During the year ended 31 December 2017, an interim dividend in aggregate amount of S$3,499,000, has been declared by Hon and is settled through the amounts due from shareholders.

39. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has equity interests in the following subsidiaries:

Name of subsidiary	Place, the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at 31 December 2016	31 December 2017	30 April 2018	the date of this report	Principal activities	Notes
Directly held:								
Energy Turbo	BVI, 31 October 2017	US$1	—	—	100%	100%	Investment holding	*(a)*
Indirectly held:								
Hon	Singapore, 11 November 2002	S$6,500,000	100%	100%	100%	100%	Provision of construction services	*(b)*
Advanced Engineering	Singapore, 6 June 2012	S$1,070,000	57.94%	—	—	—	Manufacturing and repairing	*(b)*
GK Development	Singapore, 18 January 2010	S$1,000,000	100%	100%	100%	—	Inactive	*(b)*

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

Notes:

(a) No audited financial statements of Energy Turbo have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

(b) The statutory financial statements of Hon, Advanced Engineering and GK Development for the year ended 31 December 2016 were prepared in accordance with Singapore Financial Reporting Standards ("SFRSs") issued by Accounting Standards Council in Singapore and were audited by K.S. Ng & Co, certified public accountants registered in Singapore. The statutory financial statements of Hon and GK Development for the year ended 31 December 2017 were prepared in accordance with SFRSs issued by Accounting Standards Council in Singapore and were audited by Deloitte & Touche LLP, certified public accountants registered in Singapore.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statements of cash flows as cash flows from financing activities.

	Bills payables	Borrowings	Obligations under finance leases	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
At 1 January 2016	8,463	9,250	2,088	19,801
Financing cash flows	541	(759)	(792)	(1,010)
Non-cash changes				
New finance lease	—	—	583	583
Finance cost recognised *(Note 8)*	178	188	77	443
At 31 December 2016	9,182	8,679	1,956	19,817
Financing cash flows	4,968	(909)	(947)	3,112
Non-cash changes				
Disposal of a subsidiary	—	(942)	(67)	(1,009)
New finance lease	—	—	461	461
Finance cost recognised *(Note 8)*	245	191	81	517
At 31 December 2017	14,395	7,019	1,484	22,898
Financing cash flows	(2,912)	(1,523)	(423)	(4,858)
Non-cash changes				
Finance cost recognised *(Note 8)*	65	39	24	128
At 30 April 2018	11,548	5,535	1,085	18,168
For the four months ended 30 April 2017 (unaudited)				
At 31 December 2016	9,182	8,679	1,956	19,817
Financing cash flows	4,510	(568)	(228)	3,714
Non-cash charges				
Finance cost recognised *(Note 8)*	—	—	106	106
At 30 April 2017 (unaudited)	13,692	8,111	1,834	23,637

41. PERFORMANCE BONDS

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contract works in the form of performance bonds. The performance bonds are secured by personal guarantees given by directors and released when the construction contracts are practically completed. As represented by the directors of the Company, the personal guarantees will be released upon Listing and replaced by corporate guarantee.

At 31 December 2016 and 2017 and 30 April 2018, the Group had outstanding performance bonds amounting to S$12,994,000, S$15,373,000 and S$15,401,000, respectively.

42. SUBSEQUENT EVENTS

Save as disclosed in the report, subsequent to 30 April 2018, the following significant events took place:

(i) On 4 October 2018, the Company has approved the issuance of 359,999,900 shares standing to the credit of the share premium of the Company conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the shares of the Company under the capitalisation issue, details are set out in Appendix V to the Prospectus.

(ii) The Company has conditionally approved and adopted the share option scheme ("Share Option Scheme") on 4 October 2018. Summaries of the principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information — 13. Share Option Scheme" in Appendix V to the Prospectus.

(iii) On 4 October 2018, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 shares to HK$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,962,000,000 shares which rank pari passu in all respects with the existing shares.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 30 April 2018.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended 31 December 2017 and the four months ended 30 April 2018 ("the Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 7.31 of the GEM Listing Rules is for illustration only, and is set out in this appendix to illustrate the effect of the proposed public offer and placing of the Company's shares ("Share Offer") on the adjusted combined net tangible assets of the Group as at 30 April 2018, as if it had taken place on such date.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company as at 30 April 2018 or any future date following the Share Offer.

The following unaudited pro forma adjusted combined net tangible assets of the Group is prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018 as shown in the Accountants' Report of the Group as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report of the Group.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018 *S$'000 (Note 1)*	**Estimated net proceeds from the proposed Share Offer** *S$'000 (Note 2)*	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018** *S$'000*	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018 per Share** *S$ (Note 3)*	*HK$ (Note 4)*
Based on Offer Price of HK$0.50 per Share	10,602	7,517	18,119	0.04	0.21
Based on Offer Price of HK$0.60 per Share	10,602	9,471	20,073	0.04	0.24

Notes:

(1) The audited combined net tangible assets of the Group attributable to the owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the issue of the new Shares pursuant to the proposed Share Offer are based on 120,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$0.50 and HK$0.60 per new Share, after deduction of the underwriting commissions and fees and other related expenses.

The calculation of such estimated net proceeds does not take into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General Mandate to Issue Shares" or "Share Capital — General Mandate to Buy Back Shares" in this prospectus. The estimated net proceeds from the proposed Share Offer are converted from Hong Kong dollars into Singapore dollars at an exchange rate of S$1.00 to HK$5.65. No representation is made that Hong Kong dollars amounts have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at all.

(3) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018 per Share is calculated based on 480,000,000 Shares in issue immediately following the completion of the proposed Share Offer and the Capitalisation Issue. It does not take into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General Mandate to Issue Shares" or "Share Capital — General Mandate to Buy Back Shares" in this prospectus.

(4) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is converted from Singapore dollars into Hong Kong dollars at the rate of HK$5.65 to S$1.00. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 April 2018 to reflect any trading results or other transactions of the Group entered into subsequent to 30 April 2018.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Hon Corporation Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hon Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 30 April 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 22 October 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of the shares of the Company (the "Share Offer") on the Group's financial position as at 30 April 2018 as if the proposed Share Offer had taken place at 30 April 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended 31 December 2017 and the four months ended 30 April 2018, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 April 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 October 2018

The following is the text of the valuation report received from Roma Appraisals Limited, the property valuer, in connection with its valuation of the property interests held by the Group as at 31 July 2018, for the purpose of incorporation in this document.

22/F, China Overseas Building
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

Hon Corporation Limited
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Dear Sir/Madam,

Re: Property Valuation of a Property located in Singapore

In accordance with your instructions for us to value the property held by Hon Corporation Limited (the "**Company**") and/or its subsidiaries (together with the Company referred to as the "**Group**") in Singapore, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 July 2018 (the "**Date of Valuation**") for the purpose of incorporation in the prospectus of the Company dated 22 October 2018.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have carried out land searches at the Singapore Land Authority. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. We do not accept a liability of any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on matters such as location, time, floor areas, age of building and all other relevant matters which can affect the value of the property. All public documents/information or documents/information provided by the Group related to aforesaid matters such as building plans, land register, occupancy status, etc, have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor areas of the property under consideration but we have assumed that the floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuations are prepared in compliance with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Singapore Dollar ("**S$**").

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Nancy Chan
BSc (Hons)
MHKIS MRICS RPS(GP) MCIREA
Director

Note: Ms. Nancy Chan is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser in the PRC. She has over 8 years' experience in real estate industry and property and asset valuation in Hong Kong, Macau, the PRC, Singapore, Taiwan, United Kingdom, Australia, Japan and other overseas countries.

VALUATION CERTIFICATE

Property held by the Group for investment and owner occupation purposes in Singapore

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 July 2018
52 Tuas View Square, Singapore 637727	The property comprises a 4-storey detached factory for factory and ancillary dormitory uses. As advised by the Group, the property was completed in about 1990s. According to the approved floor plans, the property has a gross floor area ("GFA") of approximately 3,500 sq.m. (or about 37,674.00 sq.ft.), break down please refer to note 2. The property was erected on a parcel of land, Lot No. MK7-2808X, with a site area of approximately 2,500.10 sq.m. (or about 26,911.08 sq.ft.), according to land search from INLIS. The property is held under a leasehold estate for a term of 60 years commencing from 30 October 1996 and expiring on 29 October 2056.	As advised by the Group, as at the Date of Valuation, 972 sq.m. (or about 10,462.61 sq.ft.) of the property was subject to various tenancy agreements, all for a term of one year commencing from 1 January 2018 with option for renewal of 1 year with a total monthly rental of S$12,165. The remaining area was occupied by the Group for storage, industrial and dormitory uses.	S$12,250,000

Notes:

1. Pursuant to Certificate of Title Volume 551 Folio 21 obtained from Singapore Land Authority, the proprietor of the property is Hon Industries Pte. Ltd..

2. Pursuant to approved floor plans dated February 2017, the breakdown of GFA of the property is shown as below:

		Ancillary Dormitory				
Storey	Industrial Production *(sq. m.)*	Room *(sq. m.)*	Toilet *(sq. m.)*	Recreational Area *(sq. m.)*	Other Ancillary *(sq. m.)*	GFA *(sq. m.)*
1st-Storey	763.66				294.47	1,058.133
2nd-Storey	182.00	323.00	77.55		239.63	822.18
3rd-Storey	182.00	278.00	77.55	50.00	234.63	822.18
4th-Storey	656.34				141.00	797.34
Total GFA	1,784.00	601.00	155.10	50.00	909.73.	3,499.833

3. The property lies within an area zoned "Business" with maximum permissible plot ratio of 1.4 under the Singapore Master Plan Zoning 2014.

4. A Grant of Written Permission No.P190814-08D3-E011 dated 13 June 2017 is obtained from Urban Redevelopment Authority for continued use of part 2nd and 3rd-storey as ancillary workers' dormitory (for 133 workers), for a period of 3 years commencing from 31 March 2017 and expiring on 31 March 2020.

5. The property is subject to the following encumbrances as at the Date of Valuation:

   a. Mortgage IF/104986P lodged on 8 February 2018 in favor of DBS Bank Ltd; and

   b. Restriction I/1354Q lodged on 14 August 2001.

6. The property is situated along Tuas South Avenue 5, an industrial area located in the West Region, Singapore. The vicinity generally comprises various private and JTC industrial buildings. Public transportation facilities such as buses are readily available nearby.

7. As advised by the Group, for the property tax, the Annual Value of the property in 2018 is S$501,000. The current non-residential tax rate is 10% of the Annual Value.

8. Our inspection was performed by Ms. Nancy Chan, MRICS MHKIS, in February 2018.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 February 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 4 October 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic

form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 16 February 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 February 2018. Our Company has established a place of business in Hong Kong at Room 5705, 57/F, The Center, 99 Queen's Road Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 9 April 2018. In connection with such registration, Mr. I Ng has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Cayman Islands company law and its constitution, which comprises of a memorandum of association and the articles of association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

2. Changes in authorised and issued share capital of our Company

Our Company was incorporated in the Cayman Islands on 8 February 2018 by the initial subscriber and the one nil-paid subscriber share was transferred to Bizstar Global on 8 February 2018. The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each.

On 4 October 2018, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each by the creation of an additional 9,962,000,000 Shares of HK$0.01 each which rank *pari passu* in all respect with the existing Shares.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus and up to the Latest Practicable Date.

3. Resolutions in writing of the sole Shareholder passed on 4 October 2018

Pursuant to the resolutions in writing passed by the sole Shareholder on 4 October 2018:

(a) our Company approved and adopted the Memorandum with immediate effect and conditionally approved and adopted the Articles with effect from the Listing Date;

(b) our Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each;

(c) conditional on (aa) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and the Shares to be allotted and issued as mentioned in this prospectus (including the Shares which may be allotted and issued pursuant to the exercise of the options to be granted under the Share Option Scheme); (bb) the Offer Price having been duly determined and the execution and delivery of the Underwriting Agreements on the date as

specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements.

(i) the Share Offer was approved and our Directors were authorised to allot and issue the new Shares under the Share Offer;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "13. Share Option Scheme" below, were approved and adopted and our Directors were authorised to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise approximately HK$3,599,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 359,999,900 Shares for allotment and issue to the sole Shareholder whose name appears on the register of members of our Company at the close of business on the Business Day immediately before the Listing Date in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to its then existing shareholdings in our Company so that the Shares allotted and issued shall rank pari passu in all respects with the then existing issued Shares;

(iv) general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the articles of association of our Company, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue, Shares not exceeding the sum of (aa) 20 % of the aggregate nominal value of the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of our Company which may be bought back by our Company pursuant to the Buy-back Mandate as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (iv), whichever occurs first;

(v) a general unconditional mandate (the "**Buy-back Mandate**") was given to our Directors to exercise all powers of our Company to purchase such number of Shares up to 10% of the aggregate nominal value of the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors as set out in this paragraph (v), whichever occurs first; and

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company bought back by the Company pursuant to the mandate to buy-back Shares as referred to in paragraph (v) above.

4. Group reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to the section headed "History, Reorganisation and Group Structure" in this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in section headed "History, Reorganisation and Group Structure" in this prospectus, there are no changes in the registered capital of our subsidiaries during the two years preceding the date of this prospectus.

6. Buy-back by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the buy-back by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to buy-back their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed buy-back of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by the sole Shareholder on 4 October 2018, the Buy-back Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme). The Buy-back Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Buy-back by our Company must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum and Articles of Association and the Companies Law. A listed company may not buy-back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under Cayman Islands law, any buy-back by our Company may only be made out of profits of our Company, or out of share premium account, or out of the proceeds of a fresh issue of share made for the purpose of the buy-back, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(iii) Connected parties

A company is prohibited from knowingly repurchasing securities from a "core connected person", that is, a director, chief executive or substantial shareholder of our Company or any of their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(b) Reasons for buy-back

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to buy-back Shares in the market. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such buy-back will benefit our Company and the Shareholders.

(c) Funding of buy-back

In buy-back securities, our Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Buy-back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Buy-back Mandate, on the basis of 480,000,000 Shares in issue immediately after the Listing, would result in up to 48,000,000 Shares being bought back by our Company during the period in which the Buy-back Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or its subsidiaries if the Buy-back Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-back Mandate is exercised.

If, as a result of a securities buy-back, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Buy-back Mandate.

Our Directors will not exercise the Buy-back Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the sale and purchase agreement dated 31 December 2017 entered into between Hon Industries and Mr. Tan Gim Chwee in relation to the transfer of 620,000 ordinary shares in Advanced Engineering from Hon Industries to Mr. Tan Gim Chwee for the consideration of S$5,000;

(b) the sale and purchase agreement dated 20 February 2018 entered into between Hon Industries and Mr. Wong Ka Hui Roy in relation to the transfer of 1,000,000 ordinary shares in GK Development from Hon Industries to Mr. Wong Ka Hui Roy for the consideration of S$123,927.76;

(c) the sale and purchase agreement dated 1 October 2018 entered into among Mr. Ho, Mr. Lim, Energy Turbo and our Company in relation to the transfer of the entire issued share capital of Hon Industries from Mr. Ho and Mr. Lim to Energy Turbo (being the nominee of our Company), in consideration of (i) our Company allotting and issuing an aggregate of 99 Shares to Bizstar Global (being the nominee of Mr. Ho and Mr. Lim) credited as fully paid, and (ii) the crediting of the initial nil-paid Share held by Bizstar Global as fully paid;

(d) the Deed of Indemnity;

(e) the Deed of Non-competition; and

(f) the Public Offer Underwriting Agreement.

8. Intellectual Property Rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group has registered the following trademark:

Trademark	Registered owner	Class	Place of registration	Trademark No.	Expiry date
	Hon Industries	37	Singapore	T0409294Z	11 June 2024
	Hon Industries	37	Hong Kong	304358395	6 December 2027

(b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain name:

Domain name	Date of registration	Expiry date
www.honindustries.com.sg	22 July 2004	22 July 2019

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

9. Directors

(a) Particulars of service contracts and letters of appointment

Each of Mr. Ho, Mr. Lim and Ms. Ng, being all the executive Directors, has entered into a service contract with our Company on 4 October 2018. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

(i) each service contract is of three years commencing from the Listing Date and will continue thereafter until terminated in accordance with the terms of the service agreement;

(ii) the initial annual salary for each of Mr. Ho, Mr. Lim and Ms. Ng is set out below, such salary to be reviewed annually by the Board and the Remuneration Committee;

(iii) each of these executive Directors is entitled to such management bonus by reference to the consolidated net profits of our Group after taxation and minority interests but before extraordinary items as the Board and the Remuneration Committee may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him/her; and

(iv) the appointments of these executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

The basic annual salaries of the executive Directors upon Listing are as follows:

Name	**Amount**
Mr. Ho	S$360,000
Mr. Lim	S$360,000
Ms. Ng	S$300,000

Each of Mr. Ng, Mr. Lau and Mr. Chan, being the independent non-executive Directors, has entered into a letter of appointment with our Company on 4 October 2018. Each letter of appointment is for an initial term of one year commencing on the Listing Date and will continue unless terminated earlier in accordance with the terms of their letter of appointment. The appointments of the independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles. Each independent non-executive Director is entitled to an annual director's fee of S$33,000.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(b) Directors' remuneration

During the Track Record Period, the aggregate of the remuneration (including salaries, discretionary bonuses, defined contribution and allowance, if any) paid and benefits in kind granted by our Group to our Directors was approximately S$0.9 million, S$0.9 million and S$0.3 million, respectively.

Under the arrangements currently in force, the aggregate amount of Directors' fee and other emoluments (excluding any discretionary bonuses, if any) payable to our Directors by our Group and benefits in kind receivable by our Directors for the year ending 31 December 2018 is estimated to be approximately S$0.9 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2017 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2017.

(c) Interests and short positions of Directors and chief executives of our Company in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (but not taking into account of any Shares that may be allotted and issued pursuant to the exercise of any option(s) which may be granted under the Share Option Scheme), the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, will be as follows:

(i) Interest in our Company

Name of Director	Capacity/ Nature of interest	Number of Shares held immediately after Capitalisation Issue and Share Offer [(1)]	Percentage of shareholding after Capitalisation Issue and Share Offer
Mr. Ho	Interest in controlled corporation[(2)]	360,000,000 Shares (L)	75%
Mr. Lim	Interest in controlled corporation[(3)]	360,000,000 Shares (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares.

(2) The entire issued share capital of Bizstar Global is legally and beneficially owned as to 70% by Mr. Ho. Accordingly, Mr. Ho is deemed to be interested in 360,000,000 Shares held by Bizstar Global by virtue of the SFO. Mr. Ho is an executive Director.

(3) These 360,000,000 Shares are held by Bizstar Global. Mr. Lim beneficially owns 30% of the entire issued share capital of Bizstar Global. Mr. Lim is an executive Director.

(ii) Interest in associated corporation

Name of Director	Associated Corporation	Capacity/nature of interest	No. of shares held/ interested in	Percentage of shareholding
Mr. Ho	Bizstar Global	Beneficial owner	7	70%
Mr. Lim	Bizstar Global	Beneficial owner	3	30%

10. Interest discloseable under the SFO and substantial shareholders

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but not taking into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities (other than a Director or chief executive of our Company) will have or be deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Name	Capacity/ Nature of interest	Number of Shares held after Capitalisation Issue and Share Offer [(1)]	Percentage of shareholding after Capitalisation Issue and Share Offer
Bizstar Global	Beneficial owner	360,000,000 Shares (L)	75%
Ms. Yap Lay Kheng	Interest of spouse[(2)]	360,000,000 Shares (L)	75%
Ms. Kwan Yin Leng	Interest of spouse[(3)]	360,000,000 Shares (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares.

(2) Ms. Yap Lay Kheng is the spouse of Mr. Ho. Therefore, Ms. Yap Lay Kheng is deemed to be interested in all the Shares held by Mr. Ho pursuant to the SFO.

(3) Ms. Kwan Yin Leng is the spouse of Mr. Lim. Therefore, Ms. Kwan Yin Leng is deemed to be interested in all the Shares held by Mr. Lim pursuant to the SFO.

11. Related party transactions

During the two years immediately preceding the date of this prospectus, our Group engaged in the related party transactions as mentioned in note 34 of the accountants' report set out in Appendix I to this prospectus.

12. Disclaimers

Save as disclosed in this prospectus:

(a) taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Share Offer and the Capitalisation Issue will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;

(b) none of our Directors or chief executives of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed on the Stock Exchange;

(c) none of our Directors nor the experts named in the paragraph headed "20. Qualifications and consents of experts" below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for Offer Shares either in his/her own name or in the name of a nominee;

(d) none of our Directors nor the experts named in the paragraph headed "20. Qualifications and consents of the experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(e) none of the experts named in the paragraph headed "20. Qualifications and consents of experts" below has any shareholding in any member in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) so far as is known to our Directors, none of our Directors or their associate or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers, suppliers and subcontractors of our Group.

SHARE OPTION SCHEME

13. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by the sole Shareholder on 4 October 2018. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to advance the interests of our Company and the Shareholders by enabling our Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to our Group and by enabling such persons' contribution to further advance the interests of our Group.

(b) Participants of the Share Option Scheme and Eligibility Criteria

The eligible persons of the Share Option Scheme to whom options may be granted by the Board shall include (collectively "**Eligible Persons**"):

(i) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of our Group (collectively "**Employee**");

(ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of our Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to our Group; any customer of our Group; or any holder of securities issued by any member of our Group (collectively "**Business Associate**"); and

(iii) any other person, who at the sole discretion of the Board, has contributed to our Group (the assessment criteria of which are (1) such person's contribution to the development and performance of our Group; (2) the quality of work performed by such person for our Group; (3) the initiative and commitment of such person in performing his duties; (4) the length of service or contribution of such person to our Group; and (5) such other factors as considered to be applicable by the Board).

The Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an Eligible Person (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of our Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must be satisfied by the Eligible Person, our Company, and its subsidiaries, before an option may be exercised), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme and the GEM Listing Rules.

(c) Life of the Share Option Scheme

Our Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

(d) Subscription Price

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

(i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the offer date;

(ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or

(iii) the nominal value of the Share.

(e) Acceptance of Offers

An offer shall remain open for acceptance by the Eligible Person concerned for such period as determined by the Board, being a date not later than ten Business Days after the offer date by which the Eligible Person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme.

The amount payable by the grantee to our Company on acceptance of the offer shall be a nominal amount to be determined by the Board.

(f) Maximum number of Shares available for Subscription

(i) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes shall not in aggregate exceed 48,000,000 Shares, representing 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains a fresh approval from the Shareholders pursuant to paragraph (f)(ii) below.

(ii) Our Company may seek approval of Shareholders in general meeting to renew the 10% limit set out in paragraph (f)(i) above such that the total number of Shares in respect of which options may be granted by the Board under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 10% of the total number of Shares in issue as at the date of approval of the renewed limit.

(iii) Our Company may grant options to specified participant(s) beyond the 10% limit set out in paragraph (f)(i) above provided that the options granted in excess of such limit are specifically approved by the Shareholders in general meeting and the participants are specifically identified by our Company before such approval is sought. In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

(iv) Notwithstanding the foregoing and subject to the paragraph (g) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Shares in issue from time to time.

(g) Maximum entitlement of each Eligible Person

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of our Company.

Where any further grant of options to an Eligible Person would result in excess of such limit shall be subject to the approval of the Shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

(h) Grants of Options to certain connected persons

(i) Any grant of options to a connected person (as defined under the GEM Listing Rules) or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is also the grantee).

(ii) Where options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant representing in aggregate over 0.1 per cent of the issued share capital of our Company and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the Shareholders at general meeting. The connected person involved in such proposed grant of options and all other connected persons must abstain from voting in such general meeting (except that any connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

Any change in the terms of the options granted to a Substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates must also be approved by the Shareholders in general meeting.

(i) Time of exercise of Option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to the grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of acceptance of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme) (the "**Option Period**").

(j) Rights are personal to Grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

(k) Rights on ceasing employment

In the case of the grantee being an employee or a director of our Group leaves the services of our Group by reason other than death or on one or more of the grounds specified in paragraph (p)(v), or because his/her employing company ceases to be a member of our Group, the grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within a period being the earlier of (i) three months (or such other period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with our Group whether salary is paid in lieu of notice or not or the last date of appointment as director of our Group, as the case may be, or (ii) the expiration of the relevant Option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, our Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as our Directors may decide.

(l) Rights on Death

In the case of the grantee ceases to be an Eligible Person by reason of death, he/she or (as the case may be) his/her personal representatives may exercise all or part of his options (to the extent he/she is entitled to exercise at the date of cessation but not already exercised) within a period being the earlier of (i) six months after he/she so ceases to be an Eligible Person or (ii) the expiration of the relevant Option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, our Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as our Directors may decide.

(m) Rights on a General Offer

(i) If, in consequences of any general offer made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of our Company) or otherwise, any person shall have obtained control (as defined in the Takeovers Code) of our Company, then our

Directors shall as soon as practicable thereafter notify every grantee accordingly and each grantee shall be entitled to exercise all or any of his/her options (to the extent he/she is entitled but not exercised) at any time before the earlier of (1) the expiry of the Option Period, or (2) the fourteenth day following the date on which the general offer becomes or is declared unconditional to exercise any option in whole or in part, and to the extent that it has not been so exercised, any options shall upon the expiry of such period cease and terminate provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares and gives notice in writing to any holders of Shares that he/she intends to exercise such rights, options shall be and remain exercisable until the earlier of (1) the expiry of the Option Period or (2) the fourteenth day from the date of such notice and, to the extent that any options which have not been exercised upon the expiry of such period, shall thereupon cease and terminate.

(ii) If a general offer by way of a scheme of arrangement is made to all the Shareholders and the Share Option Scheme has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may thereafter (but before such time as shall be notified by our Company) by notice in writing to our Company exercise the option (to the extent he/she is entitled but not exercised) to its full extent or to the extent specified in such notice. Any options which have not been exercised upon the expiry of such period as specified in the notice shall thereupon cease and terminate.

(n) Rights on Winding-up

In the event that a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his/her personal representatives) shall be entitled to exercise all or any of his/her options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid which falls to be issued on such exercise and register the grantee as holder thereof in the branch register of members of our Company maintained in Hong Kong.

(o) Right on a compromise or scheme of arrangement

If a compromise or arrangement between our Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies,

our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may by notice in writing to our Company accompanied by the remittance for the aggregate subscription price in respect of the number of option exercised under such notice (such notice to be received by our Company not later than two Business Days prior to the proposed meeting) either to its full extent or to the extent specified in such notice, and our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares credited as fully paid, to the grantee which falls to be issued on such exercise and register the grantee as holder thereof in the branch register of members of our Company maintained in Hong Kong.

(p) Lapse of Option

The right to exercise an option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

(i) subject to paragraphs (k)–(o), the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (k)–(m);

(iii) subject to paragraph (n), the date of the commencement of the winding up of our Company;

(iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (o);

(v) in the event that the grantee is an employee or a director of our Group, the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his/her employment or directorship or other contract constituting him/her an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally or on which he/she has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or a company would be entitled to terminate his/her employment or directorship at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant subsidiary of our Company. A resolution of the Board or the board of directors of the relevant subsidiary of our Company to the effect that the employment or other relevant contract of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (p)(v) shall be conclusive and binding on the grantee;

(vi) the date on which the grantee ceases to be an Eligible Person by reason of termination of his/her relationship (whether by appointment or otherwise) with our Group or on any one or more of the following grounds (other than by reason of death or on one or more of the grounds specified in sub-paragraph (p)(v)) that he/she has become unable to pay his/her debts (within the meaning of the Bankruptcy Ordinance) or has become otherwise insolvent or has made any arrangement or composition with his/her creditors generally, or arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) has committed any act which is prejudicial to or not in the interests of our Company or any company in our Group. A resolution of the Board or the board of directors of the relevant subsidiary of our Company to the effect that the relationship with a grantee (other than an employee or a director of our Group) has or has not been terminated and as to the date of such termination shall be conclusive and binding on the grantee;

(vii) the date on which the grantee commits a breach of paragraph (j); or

(viii) the date on which the option is cancelled by the Board as provided in paragraph (t).

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph (p).

(q) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Memorandum and Articles and the laws of the Cayman Islands for the time being in force and shall rank pari passu in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment, provided always that when the date of exercise of the option falls on a date upon which the register of members of our Company is closed then the exercise of the options shall become effective on the first Business Day on which the register of members of our Company is reopened.

(r) Reorganisation of Capital Structure

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable, arising from capitalisation of profits or reserves, rights issue, consolidation, re-classification or subdivision of Share or reduction of the share capital of our Company in accordance with the legal requirements or requirements of the Stock

Exchange, other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party, adjustment (if any) shall be made to:

(i) the number or nominal amount of Shares subject to the option so far as unexercised; and/or

(ii) the subscription price for the Shares subject to the option so far as unexercised; and/or

(iii) the Shares to which the option relates; and/or

(iv) any combination thereof as the auditors or the independent financial adviser to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in compliance with Rule 23.03(13) of the GEM Listing Rules and the notes thereto.

Any such adjustments must give a grantee the same proportion of the equity capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with the GEM Listing Rules and such applicable guidance and/or interpretation of the GEM Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the ''Supplemental Guidance on GEM Listing Rule 23.03(13) and the Notice immediately after the Rule'' attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to the Share Option Scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial adviser to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or the independent financial adviser to our Company shall be paid by our Company. Notice of such adjustment shall be given to the grantees by our Company.

(s) Alteration to the Share Option Scheme and the terms of Options granted under the Share Option Scheme

The Board may from time to time in its absolute discretion waive or amend any terms of the Share Option Scheme at such time and in such manner as it deems desirable to the extent permissible under the provisions of the GEM Listing Rules in relation to the Share Option Scheme and all applicable laws in respect thereof.

For the avoidance of doubt, except with the prior approval of the Shareholders in general meeting (with the Eligible Persons and their associates abstaining from voting), the Board may not amend:

(i) any of the provisions of the Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Persons or grantees;

(ii) any terms and conditions of the Share Option Scheme which are of a material nature or any terms of options granted except where such alteration take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any provisions on the authority of the Board in relation to any alteration to the terms of the Share Option Scheme.

No such amendments shall be altered to the advantage of grantees except with the prior approval of the Shareholders in general meeting (with Eligible Persons and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the grantees as would be required of the Shareholders under the articles of association for the time being of our Company for a variation of the rights attached to the Shares, provided that this restriction should not apply to any amendment made by the Board at the request of the Stock Exchange or other regulatory body for the purpose of ensuring that the Share Option Scheme complies with, among other applicable laws, the requirements of such exchange or other regulatory body on which the Shares are in the course of being listed or from time to time listed or which may have or exercise regulatory powers or jurisdiction in relation to our Company. Any amended terms of the Share Option Scheme or options shall still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time) and shall automatically take effect on all outstanding options.

(t) Cancellation of Options granted

The Board may cancel an option granted but not exercised with the approval of the grantee of such option. No compensation shall be payable to the grantee for cancellation of the options granted but not exercised.

(u) Termination

Our Company, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

As at the date of this prospectus, no Option has been granted or agreed to be granted by our Company under the Share Option Scheme.

OTHER INFORMATION

14. Tax indemnity

Our Controlling Shareholders (collectively the "**Indemnifiers**") have pursuant to a deed of indemnity referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in this Appendix (the "**Deed of Indemnity**"), on a joint and several basis, given indemnities in favour of our Group in respect of any amount which any member of our Group becomes liable to pay after the date of the Deed of Indemnity being:

(a) to the extent of which is applicable, any duty which is or hereafter becomes payable by any member of our Group by virtue of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (the "**Estate Duty Ordinance**") or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong, or under the provision of section 43 of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside Hong Kong, by reason of the death of any person and by reason of the assets of any members of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death, as a result of that person making or having made a relevant transfer to any members of our Group at any time on or before the Listing Date;

(b) to the extent of which is applicable, any amount recovered against any members of our Group under the provision of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1)(c) or section 43(6) of the Estate Duty Ordinance, by reason of the death of any person and by reason of the assets of any members of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death, as a result of that person making or having made a relevant transfer to any members of our Group at any time on or before the Listing Date;

(c) to the extent of which is applicable, any amount of duty which any members of our Group is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance in respect of the death of any person in any case where the assets of another company are deemed for the purpose of estate duty to be included in the property passing on that person's death by reason of that person making or having made a relevant transfer to that other company and by reason of any members of our Group having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance, in each case at any time on or before the Listing Date, but only to the extent to which any members of our Group is unable to recover an amount or amounts in respect of that duty from any other person under the provision of section 43(7)(a) of the Estate Duty Ordinance or any law equivalent or similar thereto under the laws of any jurisdiction outside of Hong Kong;

(d) any undeclared tax, overdue tax and any other form of tax burden (including tax burden arising from receipt, accumulation or acceptance of income, profit or gain) of any members of our Group before the Listing Date;

(e) any claim, fine or other form of liability that may arise from breach of any law, regulation and rule by any members of our Group before the Listing Date;

(f) all reasonable costs (including all legal costs), expenses or other liabilities which any members of our Group may properly incur in connection with:

(i) the investigation, assessment or the contesting of any claim or other claim pursuant to the Deed of Indemnity;

(ii) the settlement of any claim under the Deed of Indemnity;

(iii) any legal proceedings in which any members of our Group claims under or in respect of the Deed of Indemnity; or

(iv) the enforcement of any settlement or judgment in respect of any legal proceedings referred to in paragraph (iii) above.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same indemnified on demand from and against all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

(a) any alleged or actual violation or non-compliance by any members of our Group with any laws, regulations or administrative orders or measures in the Cayman Islands, BVI, Singapore and Hong Kong on or before the Listing Date;

(b) any and all expenses, payments, sums, outgoing, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties (the "**Costs**") which any members of our Group may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) or any other applicable laws, rules and regulations by any members of our Group on or before the Listing Date (in the case of our Group Members);

(c) any irregularities in relation to any corporate documents of any members of our Group; and

(d) all direct losses and damages that we may suffer as a result of the breach of non-compliance incidents as disclosed in this prospectus.

Furthermore, our Controlling Shareholders have jointly and severally agreed to indemnify each member of our Group against, among others, all Costs which any member of our Group may incur, suffer or accrue, as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules, regulations or contracts in any jurisdiction by any member of our Group on or before the Listing Date.

The Deed of Indemnity does not however cover any claim and the Indemnifiers shall be under no liability in respect of any taxation or liability:

(a) to the extent that provision has been made for such taxation in the audited combined accounts of our Group as set out in Appendix I to this prospectus (the "**Accounts**");

(b) to the extent that such taxation claim arise(s) or is/are incurred as a consequence of any retrospective change in the law or regulations or the interpretation or practice by the Hong Kong Inland Revenue Department or any other tax or government authorities in any part of the world coming into force after the Listing Date or to the extent such claim arise(s) or is/are increased by an increase in rates of taxation after the Listing Date with retrospective effect;

(c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, our Group which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date;

(d) to the extent that such taxation or liability is/are discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of the discharge of such taxation or liability;

(e) to the extent that such taxation or liability would not have arisen but for any act or omission by any of the members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected after the Listing Date without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the Listing Date or carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date;

(f) to the extent that any provisions or reserve made for taxation in the audited accounts of our Group as set out in Appendix I to this prospectus which is finally established to be an over-provision or as an excessive reserve; and

(g) to the extent that such claim arises or is incurred as a consequence of a change in any accounting policy or practice adopted by our Group after the Listing Date.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

15. Litigation

Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of our subsidiaries were involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

16. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to (a) the Capitalisation Issue; and (b) the exercise of options which may be granted under the Share Option Scheme.

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. The sponsor's fees in connection with the Listing are approximately HK$4.2 million.

17. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Fortune Financial Capital Limited as its compliance adviser to provide consultancy services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the GEM Listing Rules in respect of its financial results for the second full financial year ending 31 December 2020.

18. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US$6,200 (equivalent to approximately HK$48,000) and are payable by our Company.

19. Promoters

Our Company does not have any promoter (as defined in the GEM Listing Rules). Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

20. Qualifications and consents of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Fortune Financial Capital Limited	Licensed corporation to carry on type 6 regulated activity (advising on corporate finance) as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Rajah & Tann Singapore LLP	Legal advisers to our Company as to Singapore law
Roma Appraisals Limited	Property valuer

Name	Qualification
Baker Tilly Consultancy (Singapore) Pte. Ltd.	Internal control consultant
Frost & Sullivan Limited	Industry consultant
Greensafe International Pte. Ltd.	Safety adviser

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

21. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

22. Taxation of holders of Shares

(a) Hong Kong

(i) Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

23. Miscellaneous

(a) Save as disclosed in this prospectus, within two years preceding the date of this prospectus:

(i) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages (other than under the Underwriting Agreements) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iii) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and

(iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(b) Saved as disclosed in this prospectus, no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2018 (being the date to which the latest audited combined financial statements of our Group were made up);

(d) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus;

(e) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought;

(f) None of our Directors nor any of the persons whose names are listed in paragraph headed "20. Qualifications and consents of experts" in this Appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group;

(g) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands;

(h) All necessary arrangements have been made to enable the Shares to be admitted into CCASS;

(i) There is no arrangement under which future dividends have been waived;

(j) No company within our Group is presently listed on any stock exchange or traded on any trading system;

(k) Our Directors have been advised that under Cayman Islands Companies Law the use of a Chinese name by our Company does not contravene the Cayman Islands Companies Law;

(l) Our Company has no outstanding convertible debt securities or debentures; and

(m) None of the persons whose names are listed in the paragraph headed "20. Qualifications and consents of experts" under this Appendix V:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(iii) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

24. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Form;

(b) the written consents referred to in the paragraph headed "Other information — 20. Qualifications and consents of experts" in Appendix V to this prospectus;

(c) a copy of each of the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in Appendix V to this prospectus; and

(d) a copy of statement of adjustments relating to the accountants' report prepared by Deloitte Touche Tohmatsu.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Robertsons at Room 5705, 57/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the accountants' report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus — "Accountants' Report", together with the related statement of adjustments;

(c) the audited consolidated financial statements of our Group for each of the two years ended 31 December 2017 and the four months ended 30 April 2018;

(d) the report on unaudited pro forma financial information of our Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II — "Unaudited Pro Forma Financial Information";

(e) the Frost & Sullivan Report;

(f) the letter, summary of values and valuation certificates relating to certain property interests of our Group prepared by Roma Appraisals Limited, the text of which is set out in Appendix III to this prospectus;

(g) the internal control report prepared by Baker Tilly Consultancy (Singapore) Pte. Ltd.;

(h) the rules of our Share Option Scheme;

(i) the letter prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands Laws, summarising certain aspects of Cayman Islands Companies Law referred to in Appendix IV — ''Summary of the Constitution of our Company and Cayman Companies Law'';

(j) the Cayman Companies Law;

(k) the material contracts referred to in the paragraph headed ''Further information about the business of our Group — 7. Summary of material contracts'' in Appendix V to this prospectus;

(l) the written consents referred to in the paragraph headed ''Other information — 20. Qualifications and consents of experts'' in Appendix V to this prospectus;

(m) the service contracts and letters of appointment referred to in the paragraph headed ''Further information about Directors, management and staff — 9. Directors — (a) Particulars of service contracts and letters of appointment'' in Appendix V to this prospectus;

(n) the legal opinion issued by Rajah & Tann Singapore LLP, legal advisers to our Company as to Singapore law; and

(o) the report prepared by Greensafe International Pte. Ltd. in respect of certain statements referred to in this prospectus.

HON CORPORATION LIMITED