

OVERVIEW

Our Group is principally engaged in the provision of electrical engineering services in Singapore. We are one of the established electrical engineering companies undertaking electrical engineering works for public residential projects in Singapore. During the Track Record Period, our Group had completed twelve projects, ten of which are electrical engineering works for public residential projects, one for electrical maintenance project and another for electrical engineering works for education institutions in Singapore. Our competitive advantage lies in our ability to provide an electrical engineering solution that is reliable and cost competitive. Our established track record and experienced management team provide us with a competitive edge during contract evaluation stage where reputation is a key consideration.

Our Group was founded by our Executive Director, Mr Yeo who is supported by Mr Sim, Executive Director, and Ms Chan Bee Fong, head of finance and administrative department. Mr Yeo is responsible for our Group's overall management, strategic planning and business development. Mr Sim oversees our Group's three operational departments, namely the project department, contract and tender department and purchasing department. Ms Chan is responsible for the financial and administrative aspects of our Group.

OUR COMPETITIVE STRENGTHS

We have a reputation as an established electrical engineering company for the public residential sector projects in Singapore

Our Group has earned itself a reputation as an established electrical engineering company for the public residential sector projects in Singapore and our key management staff have built up a successful track record. Our Directors believe that we have established a good rapport with our customers. We provide electrical engineering services mainly for new construction projects in the Singapore public residential sector, which made up approximately 95.9%, 92.5% and 88.8% of our total revenue for the three financial years ended 30 June 2013, respectively.

Our good relationships with suppliers enable us to obtain competitive pricing which in turn provides us the flexibility to price our services to customers

Our Group has established and maintained a good relationship with a network of suppliers and subcontractors, some of whom had known or worked with our key personnel for over 10 years. Our good relationships with our suppliers are partly based on our practice of prompt repayment of accounts payables which has enabled our Group to make purchases at a competitive pricing, which in turn, provides us the flexibility to price our services to our customers. Furthermore, as most of our projects' contract values are in the range of S\$3 million to S\$14 million, we enjoy economies of scale if the purchase order is sufficiently large due to size of a certain project or procuring for more than one project at the same time.

We have an experienced, dedicated and dynamic management team and each of our Executive Directors has approximately 30 years of experience in the electrical engineering industry

Each of our Executive Directors has approximately 30 years of experience in the electrical engineering industry, and each of our senior management has an average of 20 years of relevant experience in electrical engineering works. Our Directors believe that the combination of our management and project teams' collective expertise and knowledge of the industry, together with our qualified employees, have been and will continue to be our Group's valuable assets. Please refer to the section headed "Directors, senior management and employees" in this prospectus for detailed work experience of our directors and senior management team.

OUR BUSINESS STRATEGIES

Our corporate objective is to achieve sustainable growth in our current business and to create long-term shareholder's value. We intend to achieve this by implementing the following corporate strategies:

Expand our business and strengthen our market position in the public residential sector in Singapore

Our revenue attributable to the public residential sector in Singapore was approximately 95.9%, 92.5% and 88.8% of our total revenue for the three financial years ended 30 June 2013, respectively. According to HDB website, approximately 83% of the Singapore's resident population stays in public residence in 2013. The public residential sector is hence the largest property supplier in Singapore. According to the Singapore's population white paper in January 2013, Singapore's resident population amounted to 3.8 million as at June 2012 and the government plans to increase the Singapore's resident population to between 4.2 and 4.4 million in 2030. With this projected population growth, our Directors believe that there will be a constant flow of new public residential projects. With our established track record in the public residential sector, we expect to be invited to quote in more HDB projects by the main contractors, and more projects taken will strengthen our market position in this sector. As our Group increases the number and/or scale of projects we secure, we will be purchasing more materials and expanding our workforce.

Maintain our existing shareholding percentage in YL, NEK and SRM

We intend to maintain our existing shareholding percentage in them, which will allow us to (i) retain profits in the existing proportion, and (ii) reap the rewards of their growth. Given that the industry is fragmented and competitive, our Directors are of the view that the formation of YL, NEK and SRM will expand our market share as our Group and these companies can each expand its own customer and project list. Our Directors believe that expansion of business for YL, NEK and SRM will assist them to build their reputation in the electrical engineering industry, and also in part, assist them in the application for a BCA grading that allow them to take on public projects of higher value. Moreover, with increased capital, YL, NEK and SRM will have increased resources to secure more projects, purchase more materials and expand their workforce. Our Group intend to invest further to maintain our existing shareholding of 50% interest in YL, NEK and SRM by way of capital contribution so that we can maintain our existing share of profits.

Expand our market share and business portfolio through formation of new companies

We will evaluate the formation of new companies with external parties who have the requisite experience, business contacts and track record in projects and businesses that are synergistic and beneficial to our Group, including but not limited to companies in the construction industry (including the electrical engineering industry), so that our Group can expand our foothold to other sectors such as commercial, industrial or private residential sectors. As at the Latest Practicable Date, the companies formed under this business strategy are YL, NEK and SRM. Our Directors envisage that these new companies will be in the form of joint venture, jointly-controlled entities or subsidiaries, and thus this strategy can serve to (i) increase our revenue or profits; (ii) increase our competitive edge by acquiring experienced project management team; (iii) expand the sectors covered by our Group if the team in the new company has track record in other than public residential sector; and (iv) expand our business portfolio. We have not yet identified any potential target for the formation of new companies and intend to form such new companies by way of capital contribution.

We intend to use approximately 69.2% of the net proceeds obtained from the Share Offer for business expansion (including purchase of materials and expansion of workforce), 10.4% to maintain our existing shareholding percentage in YL, NEK and SRM and 10.4% to expand our market share through formation of new companies. Such amounts are expected to be utilised by the end of the financial year ending 30 June 2016. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

Relationship with YL, NEK and SRM

Strike Singapore, our Company's operating subsidiary, is holding 50% equity interests in each of YL, NEK and SRM. The remaining 50% equity interests of each of NEK and SRM are held by Independent Third Parties, who are former employees and a shareholder of an ex-subcontractor of Strike Singapore, whereas the remaining 50% equity interests of YL are held by a former employee and director of Strike Singapore, who resigned as a director on 29 May 2013. YL, NEK and SRM are not subsidiaries of our Group due to the reasons that (i) Strike Singapore has no control over the composition of the board of directors of YL, NEK and SRM; (ii) Strike Singapore does not hold more than one half of the issued share capital of each of YL, NEK and SRM; and (iii) Strike Singapore does not control more than one half of the voting power of each of YL, NEK and SRM. Strike Singapore does not participate in the day-to-day operations of these three companies. The employees of YL, NEK and SRM are independent of Strike Singapore. Irrespective of the shareholdings, Strike Singapore has not appointed any director to the boards of directors of YL, NEK and SRM since their incorporation. Strike Singapore has no intention to appoint any director in the future.

In YL's arrangement, since there are only 2 shareholders with equal shareholding of 50% each, unanimous agreement on financial and operating decisions from both shareholders is required. The Memorandum and Articles of Association of YL sets out that decisions and resolutions, are decided based on voting by shareholders in proportion to their shareholdings, which effectively demonstrated, amongst other factors, an arrangement of joint control over YL between the 2 shareholders, resulting in none of the 2 shareholders having unilateral control over YL's economic activities.

In the case of NEK and SRM, Strike Singapore does not have outright majority shareholding and hence does not have more than half the voting power of NEK and SRM. The Company has also considered the presence of de facto control by Strike Singapore given that Strike Singapore is the largest shareholder of NEK and SRM. However, the size of Strike's voting interest and its size relative to the other shareholdings are insufficient to conclude that Strike Singapore has the power to unilaterally control NEK and SRM's economic activities. The co-operation of the other 2 shareholders will be sufficient to prevent Strike Singapore from directing the relevant activities of NEK and SRM.

All three companies, namely YL, NEK and SRM, are accounted for using the equity method of accounting. The terminology is merely a result of distinction used in line with the relevant financial reporting standards. There is no shareholders' agreement or joint venture agreement entered into by our Group in respect of these three companies.

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YL, NEK and SRM are incorporated in November 2010, February 2011 and April 2011 respectively and are principally engaged in the provision of electrical engineering services in Singapore. The Board considers that the potential competition between each of YL, NEK and SRM and our Company is remote due to the following reasons:

- (i) Strike Singapore is equipped with a “L6” grading licence for provision of electrical engineering service whereas YL only possesses a “L4” grading licence and each of NEK and SRM only possesses a “L1” grading licence for the provision of electrical engineering service. The possession of “L6” grading licence means that Strike Singapore can submit a tender with unlimited tendering limit for all public projects whereas YL, with the possession of “L4” grading licence, can only submit a tender with a tendering limit of not more than S\$6,500,000 and each of NEK and SRM, with the possession of “L1” grading licence, can only submit a tender with a tendering limit of not more than S\$650,000;
- (ii) the majority of the projects undertaken by Strike Singapore are of larger contract values, typically where subcontractors are expected to have a “L5” or “L6” grading in the BCA “electrical engineering” workhead category. On the other hand, YL typically undertakes projects that require subcontractors to have “L3” or “L4” grading, while NEK and SRM are currently undertaking smaller size projects that require subcontractors to have a “L1” grading. It is also impracticable for each of YL, NEK and SRM to compete with Strike Singapore for “L6” grading projects as they are not qualified or do not have the requisite licence and staffing to carry out “L6” grading projects;
- (iii) the management of each of YL, NEK and SRM is independent of those of our Group. Any potential conflict of interests arising from the likelihood that YL, NEK and SRM would compete with our business would be effectively mitigated given that the operations of YL, NEK and SRM and our Group would be run independently with the respective boards of directors performing their fiduciary duties and providing their oversight to safeguard the interests of the respective shareholders of our Group and YL, NEK and SRM. Save for the initial capital contribution, each of YL, NEK and SRM is financially independent of our Group and no financial assistance has been made by our Group to each of YL, NEK and SRM in daily operation;
- (iv) each of YL, NEK and SRM, being an electrical engineering services provider, is also a subcontractor of our Group and the provision of services by each of YL, NEK and SRM to our Group as a subcontractor is value adding to our Group. For more details of the subcontracting arrangements, please refer to the section headed “Business — Subcontractors” in this prospectus. The Directors understand that YL, NEK and SRM also explore their own customer bases, meaning the market share of our Company would be expanded as well. YL, NEK and SRM focus on, *inter alia*, both private and public projects; and

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- (v) Should our Group come across projects which we do not intend to take on based on the contract or tender requirements, we may refer such project opportunities to YL, NEK and SRM who will assess independently whether they should take on such opportunity.

OUR BUSINESS MODEL

Our principal business activities

Our Group's principal business activity is the provision of electrical engineering services, mainly for public residential projects in Singapore. Our Group also has the capability to provide electrical engineering services to private residential, commercial and industrial sectors. Electrical engineering services provided by our Group include but are not limited to the installation of copper wiring, switchboards, fire prevention and protection systems, CATV and fixed-line telecommunication systems.

Main qualifications and licences

The following table sets out a summary of our main qualifications and licences that Strike Singapore has for the carrying out of our business and operations in Singapore:

Relevant authority/ organisation	Relevant list/category	Qualification/ Licence/ Grading ⁽¹⁾	Date of first grant/registration	Date of expiry
BCA	ME05, electrical engineering	L6	17 July 2009 ⁽²⁾	1 August 2016
BCA	ME15, integrated building services	L4	17 July 2009 ⁽²⁾	1 August 2016
BCA	ME04, communication and security systems	L3	17 July 2009 ⁽²⁾	1 August 2016
BCA	ME06, fire prevention and protection systems	L3	17 July 2009 ⁽²⁾	1 August 2016
BCA	ME01, air-conditioning, refrigeration and ventilation works	L2	17 July 2009 ⁽²⁾	1 August 2016
BCA	CR07, cable/pipe laying and road reinstatement	L1	17 July 2009 ⁽²⁾	1 August 2016
BCA	ME08, internal telephone wiring for telecommunications	L1	17 July 2009 ⁽²⁾	1 August 2016
IDA	Wiring contractor (class) licence	Wiring contractor (class) licence	11 June 2009	Not applicable
The Institution of Engineers Singapore	Qualified electrical contractors	Qualified electrical contractors	1 July 2010	30 June 2016

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Relevant authority/ organisation	Relevant list/category	Qualification/ Licence/ Grading ⁽¹⁾	Date of first grant/registration	Date of expiry
Quality and Environmental Certification Ltd	Provision of mechanical and electrical engineering services	OHSAS 18001:2007	1 March 2011	3 December 2016
Workplace and Safety Health Council	bizSAFE	Star	25 January 2011	3 December 2016

Notes:

- (1) The differences in BCA gradings relate to the tendering limits for Singapore public sector projects. As at the Latest Practicable Date, L6 refers to unlimited tender values, L5 up to S\$13 million, L4 up to S\$6.5 million, L3 up to S\$4 million, L2 up to S\$1.3 million and L1 up to S\$650,000. bizSafe levels indicate different level of commitment to promote workplace safety and Star is the highest level of commitment.
- (2) This refers to the date of transfer from Victrad.

Our Group has not encountered any downgrading of our BCA grading due to regulatory non-compliance. However, in July 2013, our Group downgraded our BCA grading for two of the work head categories as detailed below.

Work heads	BCA grading before July 2013	BCA grading after July 2013
ME01	L4	L2
ME15	L6	L4

The differences between L4 and L2 of ME01 are (i) different requirements to be met to obtain the relevant grade, and (ii) different tender limits, namely:

ME01	L4	L2
Minimum Capital and Net Worth	Paid-Up Minimum S\$250,000	S\$50,000

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ME01	L4	L2
Management	To employ at least two technical personnel having a recognised diploma in Electrical/Electronics or Mechanical Engineering or equivalent, or Advance National Building Qualification (NBQ)/Specialist Diplomas in M&E Coordination, at least one personnel with 5 years of relevant experience, and at least one personnel with Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy, SMC (Safety Management Certification issued by BCA) or OHSAS18000	To employ at least one technical personnel with 3 years of relevant experience and having a recognised diploma in Electrical/Electronics or Mechanical Engineering or equivalent, or Advance National Building Qualification (NBQ)/Specialist Diplomas in M&E Coordination, with Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy, SMC (Safety Management Certification issued by BCA) or OHSAS18000
Track Record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$5.0 million with a minimum size single project (main/subcontract) of at least S\$500,000 executed entirely by the applicant	To secure projects with an aggregate contract value of at least S\$1.0 million
Tendering Limits	S\$6.5 million	S\$1.3 million

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The differences between L6 and L4 of ME15 are (i) different requirements to be met to obtain the relevant grade, and (ii) different tender limits, namely:

ME15	L6	L4
Workhead	ME01 equal to L6, ME05 greater than or equal to L4 and one other ME workhead greater than or equal to L2	ME01 greater than or equal to L4, ME05 greater than or equal to L2 and one other ME workhead greater than or equal to L2
	OR	OR
	ME01 greater than or equal to L4, ME05 equal to L6 and one other ME workhead greater than or equal to L2	ME01 greater than or equal to L2, ME05 greater than or equal to L4 and one other ME workhead greater than or equal to L2
Minimum Paid-Up Capital and Minimum Net Worth	S\$1.5 million	S\$250,000

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ME15

Management

L6

To employ at least two professional personnel, both with at least 5 years of relevant experience and having at least the following qualifications:

- a minimum Professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by Professional Engineers Board (PEB) or equivalent qualifications approved by BCA (for Resident Engineer); or
- a Professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent

One of the professional personnel shall be a full-time M&E coordination (MEC) personnel. Only the following MEC qualifications are acceptable:

- Advance National Building Qualification (NBQ) awarded by BCA Academy or Certificate/Specialist Diploma in M&E Coordination awarded by CITI

L4

To employ at least two technical personnel with Polytechnic Diplomas either in Electrical/Electronics, Mechanical Engineering, Building Service, or equivalent, with one personnel having at least 5 years of relevant experience and either one personnel being a full-time M&E coordination (MEC) personnel. Only the following MEC qualifications are acceptable:

- Advance National Building Qualification (NBQ) awarded by BCA Academy or Certificate/Specialist Diploma in M&E Coordination awarded by CITI
- Diploma in Building Services Engineering awarded by Ngee Ann Polytechnic and
- Diploma in Intelligent Building Technology awarded by Temasek Polytechnic

At least one of the technical personnel shall have a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy

BUSINESS

ME15

L6

L4

- Diploma in Building Services Engineering awarded by Ngee Ann Polytechnic and
- Diploma in Intelligent Building Technology awarded by Temasek Polytechnic

At least one of the professional personnel shall have a certificate course in Construction Productivity Management conducted by BCA Academy

Track Record (over a three-year period)

To secure projects with an aggregate contract value of at least S\$30.0 million of which S\$7.5 million shall be in respect of projects executed in Singapore; S\$3.0 million shall be in respect of main contracts (nominated sub-contracts may be included); and S\$3.0 million shall be in respect of a minimum size single project (main/subcontract) executed entirely by the applicant

To secure projects with an aggregate contract value of at least S\$5.0 million with a minimum size single project (main/subcontract) of at least S\$500,000 executed entirely by the applicant

Licence Requirements

Applicant must possess a valid IDA telecommunication wiring contractor's licence and employ a full time employee who has a valid EMA electrical licence

Applicant must possess a valid IDA telecommunication wiring contractor's licence and employ a full time employee who has a valid EMA electrical licence

Tendering Limits

Unlimited

S\$6.5 million

The main reason for the downgrading is that our Group principally focuses on its ME05 work head category of electrical engineering services, and the other work head categories are ancillary qualifications which enable our Group to take on particular projects where these categories are required. During the Track Record Period, our Group had completed twelve projects, eleven of which specifically required ME05 work head while only one specifically required ME15 work head. None of the project completed required ME01 work head. Given the low requirement for ME01 work head, our Group has decided to downgrade our ME01 grading from L4 to L2. With the downgrading of our ME01 grading, our Group has also downgraded our ME15 grading from L6 (which requires amongst others, ME01 L4 grading) to L4 (which requires amongst others, ME01 L2 grading). Should our Group require a higher grading to carry out our projects in the future, our Group will secure sufficient projects which specifically require the relevant work heads to build up the track record to apply for such higher grading. Our Directors believe that the downgrading of two of the seven work head grading in July 2013 has no reputation risks to our Group and did not impose any restrictions on the scope of work that can undertake by our Group as (i) the downgrading does not affect the ability of our Group in fulfilling its core ME05 work head contracts; and (ii) our Group has achieved and continues to hold the highest grading under ME05 work head which can tender unlimited value of contract. In addition, our Group benefitted from a lower cost of holding a lower but practical grading for ME01 and ME15, namely, (i) lower processing fee for renewal of BCA L2 and L4 grading (of S\$675 and S\$918 respectively) as compared to L4 and L6 grading (of S\$918 and S\$2,142 respectively); and (ii) our Group only need to employ one technical staff instead of two for the current L2 grading of ME01.

Our Executive Directors are of the view that our existing BCA gradings are adequate for our business needs and do not affect our competitiveness. Our Group has no plans to downgrade our other work head categories in the near future. Our current renewed BCA work heads and grading are valid till 1 August 2016.

Our Group has a member of staff who, together with Mr Yeo, regularly review our Group's contracts on hand so as to ensure that the volume of work conducted and the number of technical staff required by our Group can sustain our BCA gradings.

We will apply for the renewal of our qualifications and licences before their respective expiry dates. In the event that our Group fails to renew our qualifications and licences set out above, we will not be able to participate the tender for the project which require such qualifications and licences. However, our Group can continue to provide electrical engineering work services to the main contractor who does not require such qualifications and licences from us. Our Group had not experienced any refusal of renewal of the qualifications and licences necessary for our operations during the Track Record Period. Our Directors confirm that our Group has as at the Latest Practicable Date obtained all the necessary qualifications and licences which are required to carry on our principal business activities in Singapore and confirm that our Group has been in compliance with all relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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The legal adviser to our Company as to Singapore law has advised us that Strike Singapore has as at the Latest Practicable Date obtained all the necessary licences issued by appropriate Singapore governmental or regulatory authorities which are required to carry on Strike Singapore's business in Singapore.

For details of the licensing requirements for M&E engineering companies, please refer to the section headed "Regulatory overview" in this prospectus. In the absence of any non-compliance, and provided that our Group meets the requirements for the specific grading, there should not be any impediment for the renewal of our licences.

Our projects

The following table sets forth new projects secured from 1 July 2013 to the Latest Practicable Date:

Project	Contract value (<i>US\$ million</i>) (approximate)	Expected completion date ⁽²⁾	Percentage of completion as at 31 October 2013 ⁽³⁾ (%)	Expected revenue to be recognised ⁽⁴⁾			On or after 1 July 2016
				30 June 2014	30 June 2015 (<i>US\$ million</i>) (approximate)	30 June 2016	
Gross margin above 20% ⁽¹⁾ Public residential — standard flats ⁽⁵⁾	<u>9.4</u>	November 2017	—	<u>0.5</u>	<u>2.3</u>	<u>3.8</u>	<u>2.8</u>

Notes:

- (1) Based on existing budgets.
- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.
- (3) Percentage of completion is calculated based on revenue recognised divided by contract value.
- (4) Assumes the project progresses according to the schedule as specified in the relevant contract.
- (5) We have entered into a pre-bid agreement dated 17 June 2013 with the main contractor. The pre-bid agreement formed part of the main contractor's proposal submitted to HDB to bid for the project. The main contractor has informed our Group that HDB has awarded the project to the main contractor. In accordance with the pre-bid agreement, the main contractor will be subcontracting the electrical engineering works to us.
- (6) None of the above project is outsourced to third parties.

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The following table sets forth our projects that were in progress as at 30 June 2013:

Project	Contract value (<i>US\$ million</i>) (approximate)	Expected completion date ⁽²⁾	Revenue recognised ⁽⁴⁾				Revenue to be recognised ⁽⁵⁾				
			Percentage of completion as at 30 June 2013 ⁽³⁾ (%)	30 June 2012	30 June 2013 (<i>US\$ million</i>) (approximate)	Track Record Period	Percentage of completion as at 31 October 2013 ⁽³⁾ (%)	30 June 2014	30 June 2015	30 June 2016	On or after 1 July 2016
Gross margin above 20% ⁽¹⁾											
Public residential — standard flats	5.3	7 October 2014	6	0.1	0.2	0.3	14	4.9	0.1	—	—
Public residential — standard flats ⁽⁷⁾	5.9	7 October 2017	0.3	—	0.02	0.02	5	1.7	1.6	1.8	0.9
Gross margin below 20% ⁽¹⁾											
HDB industrial — improvement works ⁽⁶⁾	3.0	31 August 2013	67	—	2.0	2.0	100	1.0	—	—	—
Public residential — standard flats ⁽⁶⁾	6.4	14 March 2014	29	0.1	1.7	1.8	53	4.6	—	—	—
Public residential — standard flats ⁽⁶⁾	9.1	16 April 2014	61	0.3	5.2	5.5	76	3.6	—	—	—
Public residential — Executive condominium	9.8	1 July 2014	59	1.2	4.6	5.8	88	4.0	—	—	—
Public residential — DBSS	5.2	31 January 2014	62	0.4	2.8	3.2	76	2.0	—	—	—
Public residential — standard flats ⁽⁶⁾	9.6	31 December 2014	8	0.2	0.6	0.8	20	5.0	3.8	—	—
Total	54.3			2.3	17.1	19.4		26.8	5.5	1.8	0.9

Notes:

- (1) Based on existing budgets.
- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.
- (3) Percentage of completion is calculated based on revenue recognised divided by contract value.
- (4) No revenue recognised in the financial year ended 30 June 2011 as these projects were secured after 30 June 2011.
- (5) Assumes the projects progress according to the schedule as specified in the relevant contracts.
- (6) Subcontracted to jointly-controlled entity and associated companies.
- (7) The sum of the revenue recognised and the revenue to be recognised does not add up to the contract value due to rounding differences.

Other than those disclosed in (6) above, all projects are executed by our Group. None of the projects are outsourced to third parties. During the Track Record Period, out of about 98 private and open tender applications submitted, we have been awarded 10 contracts. Our success rates for quotations submitted were approximately 10.0%, 11.5% and 9.4% for the three financial years ended 30 June 2011, 2012 and 2013 respectively.

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The following table sets forth our projects that were completed during the Track Record Period:

Project	Contract value (approximate) (S\$ million) ⁽¹⁾	Month and year of completion ⁽²⁾	Revenue recognised (S\$ million) (approximate)			Track Record Period
			For the financial year ended 30 June 2011	30 June 2012	30 June 2013	
Public residential — standard flats Education institution	5.3	November 2010	0.1	—	0.02	0.12
Public residential — standard flats	0.4	March 2010	0.03	—	—	0.03
Public residential — standard flats	8.6	April 2012	4.1	0.6	0.0009	4.70
Public residential — standard flats	5.0	April 2011	1.2	—	0.03	1.23
Public residential — standard flats	14.4	June 2012	7.3	4.8	0.02	12.12
Public residential — DBSS	10.4	July 2012	4.8	2.4	0.7	7.9
Public residential — standard flats	5.3	August 2011	2.5	0.1	0.1	2.7
Public residential — standard flats	3.6	February 2011	1.0	—	—	1.0
Public residential — standard flats	3.4	June 2011	1.8	—	—	1.8
Public residential — standard flats	9.6	October 2012	5.0	4.1	0.5	9.6
Education institution	2.8	June 2012	1.1	1.0	—	2.1 ⁽³⁾
Public residential — standard flats	3.6	September 2011	3.3	0.1	—	3.4
Total	72.4		32.23	13.1	1.37	46.7

Notes:

- (1) The contract value includes additional works or variation orders (where applicable).
- (2) The year of completion is based on completion of works done for the project.
- (3) The revenue recognised during the Track Record Period exceeded the contract value, due to additional scope of electrical engineering services.

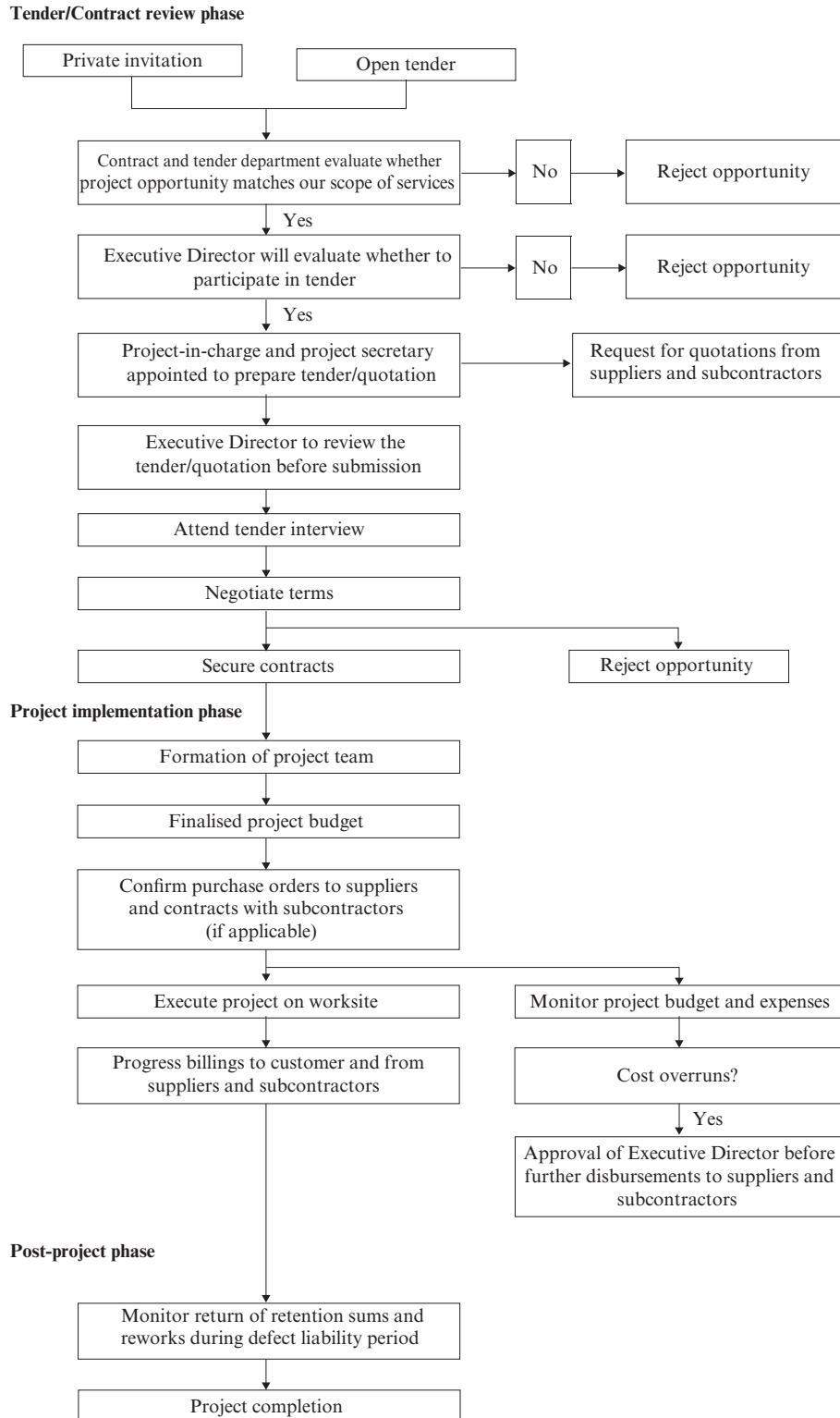
Majority of our Group's projects are secured via private invitation. Only two projects carried out during the Track Record Period were secured via open tender (namely one education institution project and one HDB industrial — improvement works project as disclosed in the above tables) and the aggregate contract value of these two projects was approximately S\$5.8 million.

Pricing for our projects

When we prepare our quotation for the project, we will include a budgeted gross margin. The gross profit margin in a project is dependent on various factors, including but not limited to the scale, complexity and specifications of the projects, our capacity, and the competitive conditions at the contract negotiation stage. Relevant employees from either the project department or contract and tender department will be appointed as the project-in-charge and project secretary to assist in the preparation of the tender. He or she will possess skills to analyse the tender or project requirements, to be able to understand the material, labour and time required for the potential contract. Supporting quotations from suppliers and/or subcontractors will be obtained. An Executive Director will make the final decision on the pricing. Our quotation is valid for a period of 30 days, subject to further negotiation between the parties. Once the contract is signed, no pricing adjustment is allowed.

Project management

The following diagram illustrates the general steps undertaken by us throughout project execution:



Tender/Contract review phase

Our Group secures its projects either through private invitation to quote or through open tender. For private invitation for public residential projects, HDB will award the construction project to main contractors, who will in turn subcontract to various subcontractors for different aspects of the project. We are invited by main contractors to provide our quotation for electrical engineering works which they will take into consideration in their submission of their quotation and contract proposal to HDB.

We are also able to participate directly in open tenders via the GeBIZ system, which is the Singapore Government's one-stop procurement portal. The GeBIZ system is applicable when we explore opportunities to submit our quotation for projects that substantially comprise electrical works (as opposed to a construction project for which only the construction firm can tender). We can tender for the electrical engineering projects as we have the BCA gradings in the relevant categories.

For each project opportunity, our contract and tender department will evaluate such project based on whether it matches with our electrical engineering services scope of work. If the opportunity fits our scope of services, the project opportunity will be brought to our Executive Director who will evaluate whether to participate in the tender. Relevant employees from either the project department or contract and tender department will be appointed as the project-in-charge and project secretary to assist in the preparation of the tender. An Executive Director will make the final decision on whether to submit the quotation, based on factors, including but not limited to, the capacity and resources available to our Group, the estimated gross profit margin, the relationship and reputation of the potential customer, and prevailing competitive and market conditions.

This review process includes:

- Understanding the scope of work required;
- Studying the tender documents, drawings and specifications to assess the feasibility of undertaking such project based on the technical requirements, expected completion time and possible risk factors associated with such project; and
- Resolving any ambiguities and discrepancies arising from the stipulated tender documents, drawings and specifications by understanding the actual needs of the potential customer.

Subsequent to the submission of quotation or tender, we will answer queries on the submitted documents and either assist the main contractor in their tender interview or attend the tender interview (in instance where we submit the tender directly). Should the customer selects us to provide the electrical engineering services, we will proceed to review and negotiate the contract terms.

Project implementation phase

The duration of a project, which usually ranges between 24 and 48 months, depends on (i) the complexity and scale of the project; (ii) the schedule set up by our customer, the main contractor; and (iii) any updates to timing of the project depending on the project management of the main contractor. The project implementation phase starts with the formation of a project team which will carry out the project and procurement of materials and subcontract services if necessary. A project team will generally be led by an appointed project-in-charge, who is responsible for the overall management of the project and who has the requisite electrical engineering background and experience to manage the project. The project-in-charge will also decide on the scope of services to be completed in-house and to be subcontracted. Our in-house project team will comprise project engineer and project supervisor; the project engineer will oversee that the electrical engineering works performed meet technical requirements, and are tested and commissioned. The project supervisor is in charge of overseeing the materials on-site. On-site inspection is conducted by qualified staff and engineers to ensure that there is quality control for our electrical engineering works. Please refer to the section headed “Business — Quality control” in this prospectus for further information.

Our purchasing department will coordinate with the project team to ensure that materials required for the project arrive as per project schedule, and are sourced from a reliable supplier. Typically, we will request for supplier quotation during the preparation of our quotation, and should we be awarded the contract, we will follow-up with the supplier who has provided us with the competitive pricing and also one who we have worked with, or known to be reputable and reliable. Our purchasing department will negotiate on pricing and contract terms with the supplier, and once a purchase order is issued, the supplier is obligated to fulfil the delivery at the contracted price and in accordance to the project schedule. We maintain good working relationship with our suppliers and do not foresee any material difficulties in sourcing materials in the future.

Our Group has a detailed budget for each project, under the supervision of the head of contract and tender department. The project-in-charge will monitor the progress of the project, and notify the purchasing, and finance and administrative departments in order that they can monitor the budget based on actual billings received and payments made, and purchase orders and invoices. The approval of our Executive Director must be obtained before further disbursement is made in relation to a project that has cost overrun. Furthermore, meetings are held between either of our Director, Mr Yeo or Mr Sim, and the relevant key personnel, to ensure that project costs are effectively managed and to minimise the instances and quantum of cost overruns. Our Group had not experienced cost overrun during the Track Record Period.

During the project implementation, there may 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.

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Apart from the project and purchasing departments, our finance and administrative department is responsible to monitor accounts payables, monthly progress claims and receivables. We will make monthly progress claims to our customers, and typically 10% of each progress claim will be retained by our customer, and up to a maximum of 5% of the contract value. Upon receiving our progress claim, our Directors understand that our customer will have its own personnel to confirm that the progress milestone has been met. We will then be requested to issue an invoice to our customer, for which, they will make payment to us within the agreed period as stated in the contract, which is generally within 30 to 90 days of the issuance of our invoice or monthly payment claim. Similarly, we will make payment to our suppliers and subcontractors within the credit term of 30 to 90 days; for subcontractors, they will submit progress claim to us and we will ascertain the completion of the progress milestone. Once ascertained, we will request for their invoice and make payment within the credit term. In instances where our customers require performance bonds with an insurer made in favour to them for the amount stipulated in the contract, our contract and tender department will coordinate with the insurer and ensure that it is appropriately discharged at the end of the project.

Post-project phase

Pursuant to the contract, a certificate of practical completion is to be issued, which indicates that our electrical engineering works have been completed, tested and approved. From the date of practical completion, the defect liability period commences and we are required to attend to matters brought up to us during this period at our own expense. We will, from time to time, also monitor our receipts and the returns of retention monies. Upon practical completion, 2.5% of the contract amount shall be released to us and the balance upon expiry of the defect liability period.

QUALITY CONTROL

We have an established track record and reputation in the public residential sector specialising in electrical engineering works and quality control is built into our project management process. For each project, our project-in-charge and project engineer are in charge of quality control. Our project-in-charge is either Mr Sim or Mr Poon Hiu Chuin; Mr Sim has approximately 30 years of industry experience. Mr Poon has a bachelor's degree (honours) in electrical and electronic engineering and has been licensed as electrical technician by the EMA since July 2003. Our engineer is Mr Chua Koh Ming who has a bachelor's degree in electrical engineering and has been licensed as professional engineer by the Professional Engineers Board of Singapore, and licensed as electrical engineer by the EMA since 1995. Each of Mr Poon and Mr Chua has approximately 20 years of experience respectively.

Currently, our projects are closely monitored on site by the project-in-charge, who will ensure that (i) contractual and regulatory quality requirements are identified; (ii) electrical engineering works performed and materials used are in compliance with the contract and quality standards specified; and (iii) monitoring on-site is regularly carried out, and testing and commissioning are properly conducted. We conduct quality control checks in various stages of the project through on-site regular inspection by qualified staff, and also before

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the handover of the project by our project engineer, and each time complying with the standards set by the end customer. Our project-in-charge and qualified staff assigned for on-site inspection will also inspect the works of our subcontractors. For further information, refer to the section headed “Business — Subcontractors” in this prospectus. Our Directors understand that our customers will also conduct their own quality checks at each project milestone prior to making payment to us and also prior to the issue of the final statement of accounts to us.

For our purchases, and also for subcontractors who are required to purchase materials for their subcontract works, the materials must be purchased from the approved list of suppliers set out by the end customer (typically HDB). During our electrical installation, we will check that materials are of the right specifications and therefore, any defective supplies are promptly reported. Our Group has the OHSAS 18001:2007 certification and bizSafe Star certification, for further information, please refer to the section headed “Business — Workplace safety and health policy” in this prospectus.

Our Group has not experienced any material disputes on its projects relating to the quality of services rendered nor significant delay in the delivery of the projects during the Track Record Period and up to the Latest Practicable Date.

MARKETING

For our industry, referrals to tender for projects come from word-of-mouth, reputation and established track record rather than advertising and promotion. Our Group does not spend on advertising and promotion but instead focus on our execution of projects, and relationships with our customers are maintained by our Executive Directors.

CUSTOMERS

Our customers comprise mainly main contractors of public residential projects in Singapore, who will subcontract the electrical engineering works of the project to us. Public residential projects are awarded by HDB which has various criteria for its selection of main contractors, including the BCA grading. Only BCA approved construction companies under the construction workhead CW01 are eligible to tender as main contractors for public residential projects in Singapore. As at the Latest Practicable Date, there are more than 1,000 BCA approved construction companies under the construction workhead CW01. Similarly, these construction companies have different BCA gradings which relates the tendering limits for public sector projects. A1 refers to unlimited tender values, A2 up to S\$85 million, B1 up to S\$40 million, B2 up to S\$13 million, C1 up to S\$4 million, C2 up to S\$1.3 million and C3 up to S\$650,000. Our customers include construction companies of various BCA gradings. We had 16, 14 and 10 customers for the three financial years ended 30 June 2013, respectively, of which HDB residential projects accounted for approximately 95.9%, 92.5% and 88.8% of our total revenue, respectively. Our projects usually span more than one financial year, for duration ranging between 24 and 48 months. Repeat customers made up approximately 75.0%, 64.3% and 80.0% of our total revenue in the three financial years ended 30 June 2013 respectively.

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Over the years, we have built a solid track record for providing reliable and cost competitive electrical engineering works for public residential projects in Singapore, and have a good reputation with our customers. There is no long-term agreement with any customer and contracts are signed on a project by project basis. For the three financial years ended 30 June 2013, revenue from our five largest customers amounted to approximately S\$31.3 million, S\$15.4 million and S\$18.6 million, and accounted for approximately 96.2%, 99.0% and 99.7% of our total revenue, respectively. Revenue from our largest customer for the three financial years ended 30 June 2013 amounted to approximately S\$14.6 million, S\$9.1 million and S\$13.5 million, and accounted for approximately 45.0%, 58.6% and 72.1% of our total revenue, respectively. Our resources and capacity currently limits the number of projects that we can take on at any one time and this is the reason that we had a concentration of customers during the Track Record Period as those projects had fully utilised our capacity. We had been approached by other customers during the Track Record Period but given our full capacity, we were unable to take up these further projects. However, after the Listing, we anticipate that we can take up additional projects from a more diversified field of customers thereby expanding our customer base and revenue source. None of our customers during the Track Record Period is our supplier or subcontractor.

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The following table sets forth our five (5) largest customers for each of the three financial years ended 30 June 2013, respectively:

For the financial year ended 30 June 2011

Background of customer	Approximate years of relationship ⁽¹⁾	Number of projects undertaken and scope of services provided by our Group	Contract values (approximate) (S\$ million)	Payment and credit terms granted /Payment method	Project period		Revenue contribution	
					Project commence date	Project/Expected ⁽²⁾ completion date	Aggregate amount (approximate) (S\$ million)	Approximate % of total revenue of our Group
Customer A The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 4 Scope of services: Electrical engineering services in relation to public residential flats and DBSS	Contract values from S\$2.5 million to S\$14.4 million	Payable at respective project progress milestones, 35 days due upon issuance of invoice Payment by cheque	April 2006 October 2008 November 2008 September 2008	May 2009 June 2012 July 2012 August 2011	14.6	45.0%
Customer B The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$3.6 million to S\$9.6 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by cheque	September 2008 February 2010 July 2009	April 2011 October 2012 September 2011	9.5	29.2%
Customer C The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$2.0 million to S\$8.6 million	Payable at respective project progress milestones, 35 days due upon issuance of payment certificate Payment by cheque	March 2006 March 2007 May 2008	June 2008 November 2010 April 2012	4.3	13.2%
Customer D The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 1 Scope of services: Electrical engineering services in relation to public residential flats	S\$3.4 million	Payable at respective project progress milestones, 35 days due upon issuance of payment certificate Payment by cheque	February 2009	June 2011	1.8	5.5%
Customer E The customer is an educational institution.	4	Number of projects: 1 Scope of services: Electrical engineering services for the educational institution	S\$2.8 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by bank transfer	December 2009	June 2012	1.1	3.3%
Total							31.3	96.2%

Notes:

- (1) As Strike Singapore was incorporated from 2009, our relationship with our customers will not be reflected as more than four years notwithstanding some of our customers had worked with Strike Electrical Pte Ltd.

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- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.

For the financial year ended 30 June 2012

Background of customer	Approximate years of relationship ⁽¹⁾	Number of projects undertaken and scope of services provided by our Group	Contract values (approximate) (S\$ million)	Payment and credit terms granted/ Payment method	Project period		Revenue contribution	
					Project commence date	Project/Expected ⁽²⁾ completion date	Amount (approximate) (S\$ million)	Approximate % of total revenue of our Group
Customer A The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 6 Scope of services: Electrical engineering services in relation to public residential flats, DBSS and executive condominiums	Contract values from S\$5.2 million to S\$14.4 million	Payable at respective project progress milestones, 35 days due upon issuance of invoice Payment by cheque	October 2008 November 2008 September 2008 September 2011 July 2011 August 2011	June 2012 July 2012 August 2011 July 2014 January 2014 April 2014	9.1	58.6%
Customer B The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 2 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$3.6 million to S\$9.6 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by cheque	February 2010 July 2009	October 2012 September 2011	4.2	27.1%
Customer E The customer is an educational institution.	4	Number of projects: 1 Scope of services: Electrical engineering services for the education institution	S\$2.8 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by bank transfer	December 2009	June 2012	1.0	6.5%
Customer C The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$0.3 million to S\$8.6 million	Payable at respective project progress milestones, 35 days due upon issuance of payment certificate Payment by cheque	August 2005 December 2006 May 2008	June 2008 December 2007 April 2012	0.7	4.4%
Customer F The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$5.3 million to S\$9.6 million	Payable at respective project progress milestones, 90 days due upon issuance of monthly payment claim Payment by cheque	November 2011 December 2011 April 2012	December 2014 March 2014 October 2014	0.4	2.5%
Total							15.4 ⁽³⁾	99.0% ⁽³⁾

Notes:

- (1) As Strike Singapore was incorporated from 2009, our relationship with our customers will not be reflected as more than four years notwithstanding some of our customers had worked with Strike Electrical Pte Ltd.

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- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.
- (3) The sum of figures does not add up to total due to rounding differences.

For the financial year ended 30 June 2013

Background of customer	Approximate years of relationship ⁽¹⁾	Number of projects undertaken and scope of services provided by our Group	Contract values (approximate) (S\$ million)	Payment and credit terms granted/ Payment method	Project period		Revenue contribution	
					Project commence date	Project/Expected ⁽²⁾ completion date	Amount (approximate) (S\$ million)	Approximate % of total revenue of our Group
Customer A The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 6 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$5.2 million to S\$14.4 million	Payable at respective project progress milestones, 35 days due upon issuance of invoice Payment by cheque	October 2008 November 2008 September 2008 September 2011 July 2011 August 2011	June 2012 July 2012 August 2011 July 2014 January 2014 April 2014	13.5	72.1%
Customer F The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$5.3 million to S\$9.6 million	Payable at respective project progress milestones, 90 days due upon issuance of monthly payment claim Payment by cheque	November 2011 December 2011 April 2012	December 2014 March 2014 October 2014	2.5	13.5%
Customer G The customer is statutory board of Singapore	0.5	Number of projects: 1	S\$3.0 million	Payable at respective project progress milestones, 21 days due upon issuance of payment certificate Payment by bank transfer	December 2012	August 2013	2.0	10.9%
Customer B The customer is a private company incorporated in Singapore, which provides main contracting services.	4	Number of projects: 2 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$5.0 million to S\$9.6 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by cheque	September 2008 February 2010	April 2011 October 2012	0.5	2.8%
Customer C The customer is a private company incorporated in Singapore, which provides main contracting services	4	Number of projects: 3 Scope of services: Electrical engineering services in relation to public residential flats	Contract values from S\$3.3 million to S\$8.6 million	Payable at respective project progress milestones, 30 days due upon issuance of payment certificate Payment by cheque	August 2005 March 2007 May 2008	June 2008 November 2010 April 2012	0.05	0.3 %
Total							18.6 ⁽³⁾	99.7% ⁽³⁾

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Notes:

- (1) As Strike Singapore was incorporated from 2009, our relationship with our customers will not be reflected as more than four years notwithstanding some of our customers had worked with Strike Electrical Pte Ltd.
- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.
- (3) The sum of figures does not add up to total due to rounding differences.

None of our Directors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company (immediately following completion of the Share Offer) had any interest in any of the five largest customers of our Group during the Track Record Period.

KEY CONTRACT TERMS

Generally the contracts with our customers contain terms relating to the contract price, the scope of work, the payment terms, retention money, defect liability period provisions, variation orders, performance bonds, liquidated damages and termination.

Progress payments

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 proceed to issue the invoices that are usually repaid within the agreed period as stated in the contract, which is generally within 30 to 90 days of the issuance of our invoice or monthly payment claim. Under the Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore ("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. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. Therefore, we have the right to the progress claim that we made in accordance with the work that we carried out and based on the agreed contract terms with our customer.

Retention money

Our contracts typically provide for a retention sum of 10% with each progress payment, up to a maximum of 5% of the contract value. Half of this retention sum shall be released upon the receipt of the practical completion certificate, and the balance amount shall be released upon the receipt of final completion certificate. The practical and final completion certificates are certificates issued by the main contractor to us to acknowledge that the projects are completed. Practical 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 that acceptance by the customer of all our obligations under the contract, and is usually issued after the end of the defect liability period.

Defect liability period

Our contracts will include a defect liability period, during which we are responsible to rectify works defects. The defect liability period is typically for a period of one (1) year from the date of practical completion. If the materials used are defective, we will replace during the defect liability period or request our suppliers or subcontractors to do so. There was no material claim which was brought against our Group by our customers during the Track Record Period. Cost incurred to rectify defective works or products during the Track Record Period was immaterial. There was no significant customer complaint during the Track Record Period.

Variation orders

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. The scope for the variation order will be agreed by our customer and us. The rights and obligations under the variation order will be same as that under the contract.

Performance bonds

For certain of our contracts, we are required to have stipulated value of performance bonds with an insurer made in favour to our customer, which will remain in effect until the return of the performance bond or upon expiry of the bond, which is upon completion of the project. The customer may utilise the performance bond to make good any loss or damages sustained as a result of any breach of the contract with them due to us, including any liquidated damages. There was no claim on the performance bonds during the Track Record Period.

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 imposed on our customer, we shall reimburse the customer for some or all of the incurred liquidated damages. There was no material liquidated damage paid by our Group during the Track Record Period.

Termination

Our contracts can typically be terminated, *inter alia*, if our performance is found to be unsatisfactory, or if we become bankrupt or insolvent, or for any reason the main contractor's contract for the project has been terminated.

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SUPPLIERS

We engage suppliers in Singapore for the fulfilment of our electrical engineering services. Electrical cable, switchboard and light fittings suppliers are the main suppliers of our Group. In selecting our suppliers, we take into account a number of criteria: (i) its financial condition; (ii) its track record in respect of its on time delivery; (iii) quality of materials; and (iv) whether they are on the approved list of suppliers by the main contractor or end customer (if applicable). We will only engage suppliers who can satisfy all our criteria. There are no long term contracts with our suppliers, and we make our purchases based on the requirements of each project. We will normally issue a purchase order approximately within 6 months from the date we obtained the contract for the project. Subsequent to the issue of purchase order to our suppliers, they will supply the specified item in accordance with the project schedule at the contracted price. Our Group has good relationships with our suppliers and has over the years established strong rapport with them. For the three financial years ended 30 June 2013, purchases from our five largest suppliers amounted to approximately S\$4.7 million, S\$3.0 million and S\$1.1 million, and accounted for approximately 50.4%, 61.0% and 65.9%, respectively, of our total purchases. Purchases from our largest supplier for the three financial years ended 30 June 2013 amounted to approximately S\$1.4 million, S\$1.0 million and S\$0.4 million, and accounted for approximately 14.9%, 19.9% and 24.0%, respectively, of our total purchases.

The following table sets forth our five (5) largest suppliers in Singapore for each of the three financial years ended 30 June 2013, respectively:

For the financial year ended 30 June 2011

Ranking	Name of supplier	Principal business	Credit terms	Payment method	Supply amount (approximate) (S\$ million)	Approximate percentage of our Group's total purchases %	Length of relationship as at the Latest Practicable Date (approximate number of years) ⁽¹⁾
1	Supplier A	Production and sale of switchgear equipment	90 days	Payment by cheque	1.4	14.9%	4
2	Supplier B	Production and sale of electrical cables	60 days	Payment by cheque	1.2	13.0%	4
3	Supplier C	Production and sale of electrical cables	60 days	Payment by cheque	1.0	10.7%	4
4	Supplier D	Sale of electrical accessories	60 days	Payment by cheque	0.6	6.2%	4
5	Supplier E	Production and sale of electrical cables	60 days	Payment by cheque	0.5	5.6%	4
Total					4.7	50.4%	

Note:

- (1) As Strike Singapore was incorporated in 2009, our relationship with our suppliers will not be reflected as more than four years notwithstanding some of our suppliers had worked with Strike Electrical Pte Ltd.

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For the financial year ended 30 June 2012

Ranking	Name of supplier	Principal business	Credit terms	Payment method	Supply amount (approximate) (S\$ million)	Approximate percentage of our Group's total purchases %	Length of relationship as at the Latest Practicable Date (approximate number of years) ⁽¹⁾
1	Supplier B	Production and sale of electrical cables	60 days	Payment by cheque	1.0	19.9%	4
2	Supplier C	Production and sale of electrical cables	60 days	Payment by cheque	0.6	12.5%	4
3	Supplier A	Production and sale of switchgear equipment	90 days	Payment by cheque	0.5	10.6%	4
4	Supplier D	Sale of electrical accessories	60 days	Payment by cheque	0.5	10.1%	4
5	Supplier F	Sale of light fittings	60 Days	Payment by cheque	0.4	7.9%	
Total					3.0	61.0%	

Notes:

- (1) As Strike Singapore was incorporated in 2009, our relationship with our suppliers will not be reflected as more than four years notwithstanding some of our suppliers had worked with Strike Electrical Pte Ltd.

For the financial year ended 30 June 2013

Ranking	Name of supplier	Principal business	Credit terms	Payment method	Supply amount (approximate) (S\$ million)	Approximate percentage of our Group's total purchases %	Length of relationship as at the Latest Practicable Date (approximate number of years) ⁽¹⁾
1	Supplier C	Production and sale of electrical cables	60 days	Payment by cheque	0.4	24.0%	4
2	Supplier B	Production and sale of electrical cables	60 days	Payment by cheque	0.2	12.2%	4
3	Supplier G	Production and sale of electrical accessories	30 days	Payment by cheque	0.2	11.9%	4
4	Supplier A	Production and sales of switchgear equipment	90 days	Payment by cheque	0.1	9.1%	4
5	Supplier H	Production and sales of switchgear equipment	60 days	Payment by cheque	0.1	8.8%	4
Total					1.1 ⁽²⁾	65.9% ⁽²⁾	

Notes:

- (1) As Strike Singapore was incorporated in 2009, our relationship with our suppliers will not be reflected as more than four years notwithstanding some of our suppliers had worked with Strike Electrical Pte Ltd.
- (2) The sum of figures does not add up to total due to rounding differences.

We do not have long-term contract with our suppliers, and are not reliant on any single supplier. Our purchases are mainly for electrical cable, switchboard, and light fittings used in our projects. These supplies are generally available from a few suppliers, including suppliers who are in the approved list provided by the end customer, namely the HDB. We have not experienced any shortage of materials during the Track Record Period. We do not

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carry inventory of more than aggregate value of S\$100,000. None of our Directors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company (immediately following completion of the Share Offer) had any interest in any of the five largest suppliers of our Group during the Track Record Period.

SUBCONTRACTORS

We subcontract a certain portion of the project, such as the installation of underground piping system and cable ready system to the respective subcontractors who have the requisite expertise to install these specialised systems. 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 violation of rules or regulations. We select our subcontractors based on (i) track record in respect of their reliability; (ii) past working experience; and (iii) financial condition. The subcontracting fees are determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value. Our Group has good relationships with our subcontractors and has over the years established strong rapport with them. During the Track Record Period, we have also subcontracted to YL, NEK and SRM, when we have assessed them to be capable of fulfilling the requirements of the particular subcontract. The following table set forth of our five (5) largest subcontractors for each of the three financial years ended 30 June 2013:

For the financial year ended 30 June 2011

Five largest subcontractors	Background of subcontractor	Subcontracting fees (S\$ million)	Approximate percentage of our Group's total cost of sales (%)	Length of relationship as at the Latest Practicable Date (Approximate number of years) ⁽¹⁾	Relationship with our Group
Subcontractor 1	Subcontractor for electrical engineering services	1.6	6.3	4	Independent Third Party
Subcontractor 2	Subcontractor for electrical engineering services	1.2	4.8	4	Independent Third Party
Subcontractor 3	Subcontractor for electrical engineering services	0.7	2.7	4	Independent Third Party
Subcontractor 4	Subcontractor for electrical engineering services	0.7	2.7	4	Independent Third Party
Subcontractor 5	Subcontractor for electrical engineering services	0.5	2.0	4	Independent Third Party

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For the financial year ended 30 June 2012

Five largest subcontractors	Background of subcontractor	Subcontracting fees (S\$ million)	Approximate percentage of our Group's total cost of sales (%)	Length of relationship as at the Latest Practicable Date (Approximate number of years) ⁽¹⁾	Relationship with our Group
Subcontractor 4	Subcontractor for electrical engineering services	0.9	8.5	4	Independent Third Party
Subcontractor 2	Subcontractor for electrical engineering services	0.6	5.8	4	Independent Third Party
Subcontractor 1	Subcontractor for electrical engineering services	0.3	3.0	4	Independent Third Party
Subcontractor 3	Subcontractor for electrical engineering services	0.3	2.7	4	Independent Third Party
Subcontractor 6	Subcontractor for electrical engineering services	0.3	2.5	2	Independent Third Party

For the financial year ended 30 June 2013

Five largest subcontractors	Background of subcontractor	Subcontracting fees (S\$ million)	Approximate percentage of our Group's total cost of sales (%)	Length of relationship as at the Latest Practicable Date (Approximate number of years) ⁽¹⁾	Relationship with our Group
NEK	Subcontractor for electrical engineering services	3.6	34.9	3	Associated Company
YL	Subcontractor for electrical engineering services	2.2	21.0	3	Jointly-controlled entity and connected person
SRM	Subcontractor for electrical engineering services	0.2	1.9	3	Associated Company
Subcontractor 4	Subcontractor for electrical engineering services	0.1	0.8	4	Independent Third Party
Subcontractor 5	Subcontractor for electrical engineering services	0.03	0.3	4	Independent Third Party

Note:

- (1) As Strike Singapore was incorporated from 2009, our relationship with our subcontractors will not be reflected as more than four years notwithstanding some of our subcontractors had worked with Strike Electrical Pte Ltd.

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The contracts we have with our subcontractors are on a non-exclusive basis. Our subcontractors have the responsibility to ensure that all works performed must satisfy the requirements as imposed by HDB. The duration of these subcontracts are typically in accordance with the main contractor schedule. For those subcontractors who are required to source for materials as part of their subcontract services, the specifications for these materials are obtained from the main contractor, or specified by end customer (typically HDB) and provided to our subcontractors. The basis of the subcontractor fees are based on tender quotation for the project.

The subcontracts typically have a (i) payment term, which set out monthly progress claim to be certified and paid within 30 days upon certification by us, with a retention of a maximum of 5% of the subcontract sum, reduced to 2.5% upon issue of practical completion certificate and returns of all retention sums upon expiration of defects liability period; (ii) prohibition from hiring illegal immigrant clause; and (iii) a period of contract which is in accordance with the project schedule set by the main contractor.

In order to monitor our subcontractors, we typically:

- (i) Request that our subcontractors ensure that their workmen follow strictly to the main contractor's workplace safety enforcement on site, and have to use workers who have safety orientation certificates. Safety equipment such as safety helmets/ safety boots and safety belts shall be provided by the subcontractor, and workers who fail to comply shall be denied entry to the worksite;
- (ii) Hold meetings or communicate from time to time between our project-in-charge and the subcontractors to ensure their understanding of our requirements and concerns; and
- (iii) Inspect and test the subcontractors' works.

To avoid over-reliance on a few subcontractors, we typically maintain a list of subcontractors and at least more than one for a particular expertise. During the Track Record Period, none of the subcontractors had conducted any material non-performance.

If our customer defaults in making payment, we remain liable to settle the subcontractors fees should the subcontracting works had already been performed. During the Track Record Period, there had been no default in making payment by our customer to us in relation to the works performed by our subcontractors. On the other hand, payments to our subcontractors are assessed by our qualified staff, to check if they have fulfilled the relevant milestones.

CREDIT MANAGEMENT

During the tender review process, we will consider the credit worthiness of the customer and the key contract terms, including progress payment and retention money. Our Group generally extends a 30 to 90 day credit term to customers upon issuance of our invoice or monthly payment claim and during the Track Record Period, there is no bad or doubtful debt.

The credit terms granted by our suppliers and subcontractors vary from 30 to 90 days, and payment to them is by cheque. Our Group has a policy of repaying its suppliers before credit is due and making prompt payment as this is enabled us to secure competitive pricing. For our subcontractors, we will pay their progress claims (net of retention money) within 30 days upon receipt of their monthly progress claim, after verification of the progress claim and ensuring that the subcontracting works have been satisfactorily completed.

INVENTORY MANAGEMENT

It is our Group's practice to maintain a low inventory level to prevent any diminution in stock value. The project in-charge is responsible for the overall scheduling of orders and deliveries of the raw materials, so as to match raw material deliveries with the site's requirements. Purchase orders issued to suppliers would indicate the different tentative delivery dates that match with the project schedule.

However, our Group does keep a certain level of commonly used materials in our warehouse such as switches and lighting, maintained for wear and tear during the defect liability period. Due to the insignificant level of our inventory, we do not need an inventory policy except that we do not carry inventory of more than aggregate value of S\$100,000. For the three financial years ended 30 June 2013, the average inventory turnover days⁽¹⁾ were 1 to 2 days due to insignificant level of inventory, and our inventory balance was S\$69,870, S\$63,442 and S\$57,694, respectively.

Note:

- (1) Average inventory turnover days is calculated by dividing the average inventories (average of its opening and closing balances) by the revenue for the financial year and multiply by 365 days.

WORKPLACE SAFETY AND HEALTH POLICY

Due to the nature of the construction industry, incidents at the worksites may have detrimental effects on the health and safety of our workers, and our workers are valuable to our Group and to the successful execution of the electrical engineering projects. Our customer, the main contractor of the construction project, will have established the workplace safety and health procedures which all their subcontractors, including us and our subcontractors, are required to comply with on-site. For every project, our on-site supervisor will ensure that work place safety procedures are adhered to by our employees and by the employees of our subcontractors in conjunction with the safety officers of the main contractors. The names and positions of our on-site supervisors for project supervised by them during the Track Record Period are set out below:

Name	Position
Poon Hiu Chuin	Project Director
Liong Yat Loon	Senior Manager
Seow Kah Ghee	Assist Project Manager
Tee Hock Chuan	Assist Project Manager
Teo Yeo Kiong	Project Engineer
Min Thike Aung	Project Engineer
Chia Soon Yew	Senior Project Supervisor
Choong Yoke Chee	Senior Project Supervisor
Yap Beng Lee	Senior Project Supervisor
Goh Teck Chai	Senior Project Supervisor
See Swee Keng	Senior Project Supervisor
Phua Choon Huat	Site Supervisor
Chia Sheng Zhi	Site Supervisor
Tan Han Ming	Assist Supervisor

All our on-site supervisors attended courses on building construction safety for supervisors which are approved or accredited by the Ministry of Manpower. These courses are organised by the Ministry of Manpower, Singapore Polytechnic, BCA Academy and Singapore Contractors Association Ltd. Our on-site supervisors have attended the courses (usually 30 hours) and passed the prescribed test approved by the Occupational Safety & Health Division, Ministry of Manpower.

We have established a set of occupational, health and safety (“OHS”) policies with the objectives of:

- (i) Prevention of accidents, incidents, ill health, OHS hazards and related risks;
- (ii) Compliance of applicable laws, regulations, standards and practices governing OHS;
- (iii) Continual improvement and prevention of accidents/incidents; and

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- (iv) Promotion of awareness amongst employees, suppliers and contractors through education, training and publicity program on environment.

Our OHS procedures comprise 12 steps, and we have engaged an approved external consultant to set up the OHS policy, and who will also audit our compliance with the OHS procedures every three years. The 12 steps include:

- (1) Identification of hazards, assessment of risks and determination of controls; we establish and maintain a procedure to identify the OHS hazards and risks under routine, non-routine and emergency operating conditions. At the project level, a site register of OHS hazards and risks is then compiled accordingly. A review of the registers will be conducted every three years.
- (2) Evaluation of our compliance with legal and other regulations; we compile and maintain a summary of applicable legal requirements and other regulations.
- (3) Communication, participation and consultation with relevant parties; we communicate and/or consult our employees, contractors and any interested parties on changes that affect OHS hazards and risks via email, memorandum, briefings or meetings.
- (4) Performance measurement and monitoring of OHS operational controls; we will issue and follow-up on corrective and preventive actions taken. Regular internal and external OHS audits are conducted to evaluate the status of compliance and conformance. Reports of the results of the audit will be made to our Executive Directors.
- (5) Investigation and reporting of incidents; we record, investigate and analyse incidents in order to determine underlying OHS deficiencies, identify the need for corrective action, identify opportunities for preventive action and continual improvement, and communicate the results of such investigations. A form is used to record and facilitate such investigation, and to date, no material incident had been reported.
- (6) Preparation and readiness for emergency; we identify potential accidents and emergency situations to ensure effective response and to prevent or mitigate the significant OHS hazards and risks. We ensure that employees, contractors and any interested parties are familiar with emergency requirements and procedures. We will also review the need for changes in the procedures after an emergency exercise or event.
- (7) Review by management of our OHS system; we ensure that the OHS system is effective and relevant, and conducted on a regular basis to discuss and evaluate any changes to the OHS system.

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- (8) Record, analysis, resolution and monitoring of nonconformity; we record the non-conformity, analyse the factors resulting in the non-conformity, and monitor the recurrence of such nonconformities to that the appropriate corrective and prevention actions can be taken.
- (9) Control of documents to ensure only authorised changes are made to controlled documents; we control all documents and data relating to OHS and documents are made available at locations where operations essential to the effective functioning of the OHS system are performed.
- (10) Control of records to ensure proper establishment and storage of records; we control and maintain our OHS records and establish, implement and maintain a procedure for the identification, storage, protection, retrieval, retention and disposal of records.
- (11) Internal audit are planned and conducted; OHS audits are conducted at least annually, and our management shall determine the need for additional audits based on significant OHS hazards and risks or results of any audits. All audit findings are reported to our Executive Directors, and prompt and appropriate corrective and preventive actions are taken to address any non-conformance.
- (12) Adequate training to ensure competence and awareness of OHS impact; we maintain the level of competence of the staff and identify training needs on a continual basis. New staff are trained on OHS requirements, procedures and operational control procedures.

Our subcontractors must also ensure that their workmen follow strictly to the main contractor's workplace safety enforcement on site, and have to employ workers who have safety orientation certificates. Such safety orientation certificate is issued after the attendance of safety courses. All foreign workers in the construction sector must attend the Construction Safety Orientation Course ("CSOC"), a full-day course conducted by various training centres accredited by MOM and obtain a valid CSOC Pass. The CSOC is to (i) ensure that construction workers are familiar with common safety requirements and health hazards in the industry, (ii) educate them on the required measures to prevent accidents and diseases, and (iii) ensure that they are aware of their rights and responsibilities under employment law. Safety equipment such as safety helmets/safety boots and safety belts shall be provided by the subcontractor, and workers who fail to comply shall be removed from the worksite.

Our Directors believe the above OHS policy has assisted us to obtain our OHSAS 18001:2007 certification, which is required for bizSafe Star certification and to maintain our BCA "L6" grading. Our compliance to OHS policy assists us in obtaining a wider scope of projects by customers who are focused on our workplace safety related certifications.

The most recent annual internal audit on our compliance with the OHS procedures took place in February 2013. The most recent external audit on our compliance with the OHS procedures took place in November 2013. No material non-compliance has been identified. All remedial measures for the immaterial non-compliance have been taken.

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There is no material accident or claim for workplace safety during the Track Record Period.

INSURANCE

We have a work injury compensation policy for all our foreign workers, as stipulated by MOM, renewed annually, and for each of the three financial years ended 30 June 2013, the total amount of insurance premium paid by our Group for work injury compensation was S\$2,926, S\$3,288 and S\$16,009, respectively. We also have foreign worker medical insurance, as stipulated by MOM, renewed annually, and for each of the three financial years ended 30 June 2013, the total amount of insurance premium paid by our Group for foreign worker medical insurance was S\$14,584, S\$10,020 and S\$6,270 respectively. We also have security bonds for our foreign workers which are required by MOM for new applications of their work permits, and for each of the three financial years ended 30 June 2013, the total amount of premiums on security bonds paid by our Group was approximately nil, S\$9,178 and S\$1,625 respectively. All employers of non-Malaysian work permit holders are required to deposit a S\$5,000 security bond with MOM, which must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed.

Our Directors confirm that our Group has obtained adequate insurance coverage for the operation of its business, and is in line with the industry norm. Our Directors believe that there is no material risk in connection with our business which is not covered by the abovementioned insurance. As at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims.

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PROPERTY INTEREST

Our Head Office

We rent an office premises for our head office from Victrad, a connected person of our Company, as Lessor on 1 August 2013, the details are as follows:

Address	Leased Area	Continuing Connected Transactions	Rates	Tenure
22 Tagore Lane Singapore 787480	453.8 square meter	Yes — landlord is Victrad, which is a substantial shareholder of our Company	Annual rent of S\$114,000	Period of two years commencing from 1 August 2013 and expiring on 31 July 2015

During the Track Record Period and prior to entering into of the lease, there was no lease for the rental of office premise and no rental had been paid for our use of the premise during the period as the landlord had allowed our Group to use the premise at no cost. For further details of the rental agreement with Victrad, please refer to the section headed “Connected transactions” in this prospectus.

As at the Latest Practicable Date, our Directors (i) were not aware of any investigations, notices, pending litigation, breaches of law or title defects; and (ii) had no plan in relation to construction, renovation, improvement, development or change the use, of the leased properties of our Group.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we do not own any intellectual property rights.

COMPETITION

According to the Frost & Sullivan Report, the electrical engineering services market for the public residential sector is estimated to be approximately S\$226.9 million in 2013, expanding from approximately S\$182.5 million in 2010 and estimated to reach S\$274.2 million by 2017, at a compound annual growth rate of 4.9% from 2013 to 2017. The electrical engineering services market size for the public residential sector is closely linked to the value of contracts awarded by HDB. Hence, the market growth rate is guided primarily by the value of HDB contracts generated within a particular year.

According to the Frost & Sullivan Report, the electrical engineering sector for the public residential market is relatively fragmented and dominated by local companies. Furthermore, it is characterised by low entry barriers, low levels of product innovation, strong competition, and absence of economies of scale. The competitors are categorised with BCA grading ranging from L1 to L6, and there are six other companies (other than our

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Company) listed as “key tier 1 players with BCA grading L6”. There are four competitors listed as “key tier 2 players with BCA grading L5” and there are three competitors listed as “key tier 3 players with BCA grading below L5” in the Frost & Sullivan Report.

Based on the Frost & Sullivan Report, it is estimated that our Group has approximately 7.3% share in the public residential electrical engineering services market in 2012. Our Directors regard contractors specialising in electrical engineering works within the same grading category as our main competitors. There are a total of fourteen specialised services categorised under the M&E engineering sector, of which Strike Singapore is capable of undertaking six different services. Please refer to the section headed “Business — Our business model — Main qualifications and licences” in this prospectus for our BCA gradings.

INTERNAL CONTROL

We intend to set up an internal audit department as a separate independent function as soon as possible upon Listing which shall be led by Ms Goey Lee Eng, who is the Contract Manager of our Group. The internal audit department shall be responsible for the monitoring and overseeing the daily operation of internal control matters and to review the effectiveness of the internal control policies and procedures adopted by our Group from time to time. The internal audit department will seek legal opinions as and when necessary and will report to the audit committee of our Company on a regular basis to ensure that our Group’s operations are in compliance with the applicable laws, rules and regulations. The internal audit department shall also be responsible for the implementation of remedial plans recommended by the audit committee of our Company.

RISK MANAGEMENT

In the course of conducting our business, we are exposed to various types of risks, including project management risks and regulatory risks, which are further elaborated below.

Save for establishing and implementing internal control procedures as mentioned above, our Executive Directors are responsible for overseeing and reviewing the implementation of our Group’s internal control and risk management measures.

Project risk management

Projects and customers

We recognise the continuous intake of new orders is vital for our financial performance and business continuity. In this regard, we maintain good working relationship with a group of customers who are very active in HDB projects. We will also ensure that sufficient resources and capacities are made available whenever opportunities arise from this group of customers so as to constantly secure new projects. Furthermore, with the proceeds we obtain from the Listing, our Group will increase our financial and operational capacities in order to expand the number of customers.

We have also established procedures for assessing and monitoring project risk. In our preparation of quotations and tendering of projects, our project tendering team will consider and evaluate our customers' financial status, payment records and the adequacy of our internal resources and capacity for the duration of the said project before a decision is made. Final approval from Executive Directors is needed before any issue of quotation or tender and this will ensure that our exposure against any single customer would be limited.

Due to the long project implementation time (which usually ranges between 24 and 48 months), our financial exposure with our customer is limited at any point in time as our projects on hand are likely in different stages with various payment progress. Furthermore, the 30 to 90 days credit terms granted to our customers will limit our financial risks and our project team also monitors the payment pattern of our customers regularly and closely. Our Executive Directors will review the situation and evaluate project opportunities with new/ other customers if there are signs of slowdown in securing projects and/or changes in payment pattern from the existing customers.

Suppliers and subcontractors

Our Group has adopted a policy of maintaining good working relationship with a group of reliable suppliers and subcontractors with on-time payments. This will ensure that any non-performance from any suppliers or subcontractors can be easily resolved without causing any great impact on our project implementation.

Loss of key personnel

Our Executive Directors will ensure that suitable and sufficient numbers of staff are properly appointed and assigned to manage each project and work as a project team. This will ensure that sufficient experience and technical knowledge are available within the project team and any loss of any team member will have limited impact on the continuity of project implementation.

Regulatory risk management

Our Group keeps abreast of any changes in government policies, regulations, licensing requirement and permits and safety requirements and we are aware that any non-compliance of the above may impact on our operation and business. We will ensure that all changes in government policies, regulations, licensing requirement and permits and safety requirements are closely monitored and communicated to our project-in-charge, head of project department and Executive Directors for proper implementation and compliance.

Foreign labour

We believe that inability to employ foreign labour may materially affect our operation and financial performance. In order to mitigate the impact of foreign labour shortages arising from changes in relevant laws, rules and regulations in Singapore and/or other countries where the foreign labour originated, our management has adopted a policy to employ foreign labour from more than one countries including India, Bangladesh, Thailand and Myanmar.

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Our Directors confirm that as at the Latest Practicable Date, they are not aware of any impending changes in the relevant laws, rules and regulations that would affect our Group.

LITIGATION

During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration proceeding pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

REGULATORY COMPLIANCE

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, our Group has complied with all applicable rules and regulations for our business activities and operations in all material aspects.

The legal adviser to our Company as to Singapore law has confirmed that up to the Latest Practicable Date, Strike Singapore had complied with all applicable Singapore laws and regulations in all material respects in relation to its business in Singapore, including obtaining all necessary permits and licences.

NON-COMPLIANCE INCIDENTS

During the Track Record Period and up to the Latest Practicable Date, we had no non-compliant incident.

INDEMNITY FROM MR YEO AND VICTRAD

Mr Yeo and Victrad have executed the Deed of Indemnity in favour of our Group whereby they will jointly and severally indemnify each member of our Group against, among others, all expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (among others, but not limited to, legal and other professional costs), charges, liabilities, fines, penalties and tax 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 or regulations in any jurisdiction by any member of our Group on or before the Listing. Please refer to the section headed "D. Other information — 1. Estate duty, tax and other indemnities" in Appendix IV to this prospectus for further details of the Deed of Indemnity.