

GT Steel Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

LISTING BY WAY OF SHARE OFFER

Sole Sponsor



Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

IMPORTANT

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

GT Steel Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

**Total number of Offer Shares : 120,000,000 New Shares
under the Share Offer**
Number of Public Offer Shares : 60,000,000 Shares (subject to reallocation)
Number of Placing Shares : 60,000,000 Shares (subject to reallocation)
**Offer Price : Not more than HK\$0.70 per Offer Share and
expected to be not less than HK\$0.50 per
Offer Share, plus brokerage of 1%, SFC
transaction levy of 0.0027% and Stock
Exchange trading fee of 0.005% (maximum
Offer Price payable in full on application in
Hong Kong dollars and subject to refund)**
Nominal value : HK\$0.01 per Share
Stock code : 8402

Sole Sponsor



Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

Joint Bookrunners and Joint Lead Managers



藍山金融

Bluemount Securities Limited



信達國際
CINDA INTERNATIONAL

Cinda International Securities Limited

Co-Lead Manager



**Pacific
Foundation**

Pacific Foundation Securities Limited

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

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

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on Thursday, 6 July 2017 or such later date as the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company may agree. The Offer Price will not be more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share. If, for any reason, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such a case, notices of reduction of the indicative Offer Price will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.gt-steel.com.sg.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus. Pursuant to the termination provisions contained in the Underwriting Agreements, the Joint Lead Managers (for themselves and on behalf of the Underwriters) has the right in certain circumstances, in its sole and absolute discretion, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Public Offer underwriting arrangements — Grounds for termination" in this prospectus. It is important that you refer to the said section for further details.

30 June 2017

CHARACTERISTICS OF GEM

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

EXPECTED TIMETABLE

If there is any change in the following expected timetable, the Company will issue an announcement on the Company's website at www.gt-steel.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

Date⁽¹⁾
2017

Application lists open ⁽²⁾	11:45 a.m. on Thursday, 6 July
Latest time for lodging WHITE and YELLOW Application Forms and giving electronic application instructions to HKSCC ⁽³⁾	12:00 noon on Thursday, 6 July
Application lists close ⁽²⁾	12:00 noon on Thursday, 6 July
Expected Price Determination Date ⁽⁴⁾	on Thursday, 6 July
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allotment of the Public Offer Shares to be published on the Company's website at www.gt-steel.com.sg and the website of the Stock Exchange at www.hkexnews.hk on	Friday, 14 July
Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants (where applicable) will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — 10. Publication of results" in this prospectus on	Friday, 14 July
Results of allocations in the Public Offer will be available at www.unioniporesults.com.hk with a "search by ID" function on	Friday, 14 July
Despatch/collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer ⁽⁶⁾	on Friday, 14 July
Despatch/collection of refund cheques in respect of wholly or partially successful applications (in the event that the final Offer Price is less than the maximum Offer Price payable on application) and wholly or partially unsuccessful applications pursuant to the Public Offer ^(5 and 6)	on Friday, 14 July
Listing Date	Monday, 17 July

EXPECTED TIMETABLE

Notes:

1. All times and dates refer to Hong Kong local time and date. Details of the structure of the Share Offer, including its conditions and grounds for termination are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.
2. If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 July 2017, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists” in this prospectus.
3. Applicants who apply by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
4. The Price Determination Date is scheduled at 6:00 p.m. on Thursday, 6 July 2017 (or such other date as may be agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)). If the Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date (or such other date as may be agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)), the Share Offer will not proceed and will lapse.
5. Refund cheque(s) will be issued to you, or if you are joint applicants, to the first-named applicant on your Application Form in respect of wholly or partially unsuccessful applications and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the maximum Offer Price payable on application. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
6. Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all required information may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 14 July 2017. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

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

EXPECTED TIMETABLE

Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to apply for Public Offer Shares — 13. Despatch/Collection of share certificates and refund monies" in this prospectus.

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

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

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

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SUMMARY AND HIGHLIGHTS

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As the following is only a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks involved in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before making any decision to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary" in this prospectus.

OVERVIEW

Our business model

We design, supply, fabricate and erect structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore starting from 2003. For some of our structural steelworks projects, we also provide machine installation and auxiliary services. Our steel structures such as I-beams, H-beams, trusses, pillar support and steel gratings for platforms are pre-fabricated at our premises, which are subsequently erected at the project site as a foundation for building structures.

Our projects normally require significant cash outflow at the early stage particularly to purchase steel, our primary raw material, prior to receiving payment from our customers. Our projects typically do not have deposit from customers prior to starting work, although we will request if deposit can be made for higher value contracts.

During the Track Record Period, our Group had completed 31 structural steelworks projects with an average contract value of approximately S\$1.6 million, in the range of approximately S\$27,000 for an army camp to approximately S\$25.8 million for technological plants of a multinational corporation in Singapore. The duration of our completed projects during the Track Record Period generally span from 1 to 19 months with an average duration of approximately 7 months. All projects that contributed to our revenue during the Track Record Period were from private customers.

Customers

Our customers include mainly main contractors of the building projects in Singapore who will subcontract the structural steelworks of their projects to us. All our contracts are on a project basis and non-recurring. For the two years ended 31 December 2016, revenue from our five largest customers accounted for approximately 91.9% and 81.8% of our revenue respectively. Revenue from our largest customer (Customer A) for the same period accounted for approximately 69.8% and 39.4% of our revenue respectively. For the two years ended 31 December 2016, we had 16 and 15 customers for our structural steelworks projects (excluding minor ad-hoc sales) respectively.

SUMMARY AND HIGHLIGHTS

Although Customer A accounted for approximately 69.8% of our revenue in 2015, our Directors do not consider that our Group's business rely heavily on Customer A, as its contribution to our revenue in 2016 has reduced significantly to approximately 39.4%. Furthermore, a reduction in revenue contributed by Customer A did not affect our profitability as our gross profit margin increased from approximately 17.5% to 28.7% for the two years ended 31 December 2016 respectively. Our relatively high revenue contribution from Customer A during the Track Record Period was due to the size of their projects, with the largest project of contract value of approximately S\$25.8 million with revenue recognised of approximately S\$21.9 million, or approximately 61.0% of total revenue and gross profit of approximately S\$2.2 million with gross profit margin of approximately 9.9% for the year ended 31 December 2015. For the year ended 31 December 2016, this project contributed only approximately 17.6% of our revenue as the project was completed in May 2016 with a gross profit of approximately S\$1.7 million and gross profit margin of approximately 43.9% due to additional claims of approximately S\$1.4 million mainly arising from additional works required by Customer A as a result of modification in the building design in 2016. Our Executive Directors believe that taking on such a large scale project would enhance our reputation and track record. Please refer to the sections headed "Business — Customers" on pages 126 to 129, "Business — Projects" on pages 113 to 115 and "Financial information — Period to period comparison of results of operations" on pages 201 to 204 of this prospectus for details.

Main qualifications and licences

Our Group is an accredited steel fabricator of the Singapore Structural Steel Society for category S1 which means that we have the infrastructure, resources and capabilities to fabricate and erect structural steel structures of (i) building, industrial plant or portal structures of over 30 metres in height and (ii) large span portal, bridges and truss work of over 30 metres. We also hold a GB1 Licence issued by BCA which enables us to undertake contracts for general building works. In addition, we also hold the Specialist Builder (Structural Steelwork) Licence issued by BCA which enables us to carry out specialist structural steelwork comprising (i) fabrication of structural elements, (ii) erection work like site cutting, site welding and site bolting, and (iii) installation of steel supports for underground building works. For details, please refer to the section headed "Business — Main qualifications, licences and certifications" on pages 111 to 112 of this prospectus.

Suppliers

We mainly engage suppliers in Singapore and our main purchases are steel parts, and rental of machineries for transportation of steel structures to the project sites. We make our purchases based on the requirements of each project and for larger projects, we will obtain quotations for the tonnes of steel required before we submit our tender price to our customers. For the two years ended 31 December 2016, purchases from our five largest suppliers accounted for approximately 37.6% and 31.6% of our subcontracting, material and machinery rental costs, respectively. Purchases from our largest supplier for the same periods accounted for approximately 17.4% and 14.9% of our subcontracting, material and machinery rental costs, respectively. Please refer to the section headed "Business — Suppliers" on pages 131 to 133 of this prospectus for details.

SUMMARY AND HIGHLIGHTS

Subcontractors

We may engage subcontractors for part of certain contracts secured by us, for instance, to provide certain services such as galvanizing works, painting and electrical works which we do not typically provide in-house. We also engage subcontractors to carry out certain steel fabrication works and site installation works to better allocate our resources for our projects' needs. Total amount paid for subcontracting works to our five largest subcontractors accounted for approximately 32.2% and 28.9% of our subcontracting, material and machinery rental costs for the two years ended 31 December 2016, respectively. Please refer to the section headed "Business — Subcontractors" on pages 133 to 137 of this prospectus for details.

Sales and marketing

Our customers typically come to know us by word-of-mouth, repeat customers or recommendation from our existing customers. We also rely on our Executive Director, Mr. Ong Cheng Yew, who is also the chairman of our Group and our Controlling Shareholder, our project director, Mr. Chelliah Thennavan and our operation director, Mr. Wee Hian Yeong to build and foster relationships with our key customers. We do not have a dedicated sales and marketing team.

Pricing

Our projects mainly come from private invitations to quote or tender from our customers, and typically there will be competing tenders/quotations. Our pricing will be largely affected by the scale, complexity and specifications of the project, our capacity and resources, prevailing market price, indicative pricing of our materials and subcontracting works, and our past experience in tendering for similar projects. Please refer to the section headed "Business — Pricing" on pages 115 to 116 of this prospectus for further details.

Tender success rates

Year ended 31 December 2015			Year ended 31 December 2016		
<i>Number of projects awarded</i>	<i>Number of projects tendered</i>	<i>Success rate (%)</i>	<i>Number of projects awarded</i>	<i>Number of projects tendered</i>	<i>Success rate (%)</i>
21	70	30.0	23	91	25.3

Our Executive Directors consider that our tender/quotation success rates during the Track Record Period have been satisfactory in general. We will evaluate various tender opportunities based on the project requirements, our ability to meet the project specifications in terms of our capacity and resources, the prevailing market and competitive environment. The reputation and creditworthiness of the customer will also be considered. There is no specific strategy on the selection of tender opportunities to pursue, but generally our Group would take into consideration the abovementioned factors, along with our past experience with the customer and/or the similar type of project and the

SUMMARY AND HIGHLIGHTS

estimated gross profit margin from the project. For further information, please refer to section headed “Business — Project management and operations — Tender/quotation phase” on pages 119 to 120 of this prospectus.

Competitive landscape

Companies accredited in the category S1 (the highest category) with the Singapore Structural Steel Society are regarded as the leading players in the steelworks industry due to their track records in terms of the size and scope of the projects they have undertaken. Hence, the barriers to entry into the S1 category are relatively high and the players in this category can reasonably be expected to command significant market share of the construction projects in Singapore. According to the Eco-Business Report, there are 29 companies with a steel fabricators’ accreditation listing of S1, out of which 11 companies are reckoned by industry players to be particularly active in the Singapore market. Out of these 11 companies, only 6 declared revenues of above S\$5 million. For further details, please refer to section headed “Industry overview” on pages 51 to 64 of this prospectus.

Ongoing projects

As at 31 December 2016, we had 11 ongoing projects with an aggregate contract sum of approximately S\$17.0 million of which approximately S\$11.3 million has been recognised as revenue. The remaining balance of approximately S\$5.7 million is expected to be recognised as our revenue for the year ending 31 December 2017. For further information, please refer to section headed “Business — Projects” on pages 113 to 115 of this prospectus.

Competitive strengths

- We have a reputation as an established structural steelwork specialist in Singapore with a track record of providing reliable structural steelworks in a timely and efficient manner.
- We are focused on value-engineering solutions, such as (i) design team that offers design solutions to our customers to reduce their overall project cost and construction lead-time; and (ii) engineering team that provides engineering solutions such as a more efficient structural steelwork installation or mobility of pre-fabricated steel structures on project site. This value-engineering focus has enabled us to take on more complex and larger projects.
- We have in-house steel fabrication capabilities in Singapore with a combined annual production capacity of approximately 4,600 tonnes together with four computer numerical controlled (“CNC”) steel cutting machines, two CNC drilling machines, full range of welding equipment, overhead cranes and lifting machinery. Our capital investments allow us to fabricate quality steelworks efficiently.
- We have an experienced and dedicated management team and our founder, chairman and Executive Director, Mr. Ong, has over 20 years of experience in the structural steelwork industry.

SUMMARY AND HIGHLIGHTS

Please refer to the section headed “Business — Competitive strengths” on pages 103 to 104 of this prospectus for details.

Business strategies

Our corporate objective is to achieve sustainable growth in our business and financial performance so as to create long-term shareholder’s value. We intend to achieve this by expanding and strengthening our market position in the structural steelwork industry in Singapore, through various strategies to expand our production capacity and workforce. Please refer to the sections headed “Business — Business objectives and strategies” and “Future plans and use of proceeds” on pages 105 to 111 and on pages 229 to 232 of this prospectus respectively for details.

USE OF PROCEEDS

Based on an Offer Price of HK\$0.60 per Offer Share, being the midpoint of the indicative Offer Price range, the net proceeds from the issue of the New Shares under the Share Offer are estimated to be approximately HK\$50.2 million, after deduction of underwriting fees and estimated expenses payable by us in connection with the Share Offer upon Listing. Our Company currently intends to use the net proceeds from the Share Offer as follows:

Approximate amount or percentage of net proceeds/utilised by year ending	Intended applications
HK\$24.2 million or 48.2%/ 31 December 2017	Purchase of additional steel fabrication facility (including renovation) in Singapore
HK\$17.5 million or 34.8%/ 31 December 2018	Expansion of production capacity via purchase of machineries
HK\$8.0 million or 16.0%/ 31 December 2018	Expand our workforce to support our business expansion
HK\$0.5 million or 1.0%/ 31 December 2017	Working capital

For further details, please refer to the section headed “Future plans and use of proceeds” on pages 229 to 232 of this prospectus.

SUMMARY AND HIGHLIGHTS

SUMMARY OF FINANCIAL INFORMATION

Highlight of combined statements of profit or loss and other comprehensive income

	For the year ended			
	31 December 2015		31 December 2016	
	<i>S\$'000</i>	<i>HK\$'000</i>	<i>S\$'000</i>	<i>HK\$'000</i>
Revenue	35,968	197,824	22,004	121,022
Gross profit	6,279	34,535	6,320	34,760
Profit before taxation	2,966	16,313	3,397	18,684
Profit and other comprehensive income for the year	2,876	15,818	3,234	17,787

Despite the decrease in our revenue, we recorded an increase in our profit and other comprehensive income for the year ended 31 December 2016 mainly due to increase in our gross profit margin from approximately 17.5% to 28.7%, and decrease in our other expenses as well as administrative expenses. For details, please refer to the section headed “Financial information — Period to period comparison of results of operations” on pages 201 to 204 of this prospectus.

Highlight of combined statements of financial position

	As at			
	31 December 2015		31 December 2016	
	<i>S\$'000</i>	<i>HK\$'000</i>	<i>S\$'000</i>	<i>HK\$'000</i>
Non-current assets	5,868	32,274	5,409	29,750
Current assets	15,273	84,002	11,560	63,580
Current liabilities	(12,237)	(67,304)	(5,079)	(27,935)
Net current assets	3,037	16,698	6,481	35,646
Non-current liabilities	(2,211)	(12,161)	(1,963)	(10,797)
Net assets	6,693	36,812	9,927	54,599

SUMMARY AND HIGHLIGHTS

Highlight of combined statements of cash flows

	For the year ended 31 December			
	2015		2016	
	<i>S\$'000</i>	<i>HK\$'000</i>	<i>S\$'000</i>	<i>HK\$'000</i>
Operating cash flow before movement in working capital	4,079	22,435	4,385	24,118
Net cash from/(used in) operating activities	5,331	29,321	(2,167)	(11,919)
Net cash used in investing activities	(1,630)	(8,965)	(206)	(1,133)
Net cash used in financing activities	(764)	(4,202)	(42)	(231)

Key financial ratios

<i>(times)</i>	As at	
	31 December 2015	31 December 2016
Current ratio	1.2	2.3
Gearing ratio ⁽¹⁾	0.4	0.4

<i>(%)</i>	For the year ended	
	31 December 2015	31 December 2016
Gross profit margin	17.5	28.7
Profit before taxation margin	8.2	15.4
Net profit margin	8.0	14.7
Return on total assets	13.6	19.1
Return on equity	43.0	32.6

Note:

- (1) Gearing ratio was calculated as total borrowings (bank borrowings and finance lease) divided by total equity as at the respective reporting date.

SUMMARY AND HIGHLIGHTS

Revenue

We derive our revenue from the design, supply, fabrication and erection of structural steelworks. The decrease in our revenue in the year ended 31 December 2016 as compared to the year ended 31 December 2015 was principally due to a higher percentage of works completed for a high value contract of approximately S\$25.8 million during the year ended 31 December 2015. For details, please refer to the section headed “Financial information — Period to period comparison of results of operations” on pages 201 to 204 of this prospectus.

Cost of services

Our cost of services by nature and percentage of contribution to the total cost of services is shown in the table below:

	For the year ended			
	31 December 2015	31 December 2016		
	<i>S\$'000</i>	<i>% to cost of services</i>	<i>S\$'000</i>	<i>% to cost of services</i>
Subcontracting costs	12,456	42.0%	4,786	30.5%
Material costs	8,677	29.2%	4,532	28.9%
Rental of machineries	4,636	15.6%	1,851	11.8%
Staff costs	2,885	9.7%	3,299	21.0%
Overheads	<u>1,035</u>	<u>3.5%</u>	<u>1,216</u>	<u>7.8%</u>
Total	<u><u>29,689</u></u>	<u><u>100.0%</u></u>	<u><u>15,684</u></u>	<u><u>100.0%</u></u>

Please refer to section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income” on pages 194 to 200 of this prospectus for further details.

Gross profit margin

Our gross profit margin increased from approximately 17.5% to 28.7% during the Track Record Period. This was mainly attributable to a project for technological plants from Customer A with a contract value of approximately S\$25.8 million which contributed to approximately 61.0% of our revenue and gross profit of approximately S\$2.2 million with gross profit margin of approximately 9.9% for the year ended 31 December 2015 due to (i) competitive pricing as the contract value was high and the management was willing to bid at lower gross profit margin to secure a large scale project that would enhance our reputation and track record and (ii) significantly higher subcontracting costs incurred for this project. For the year ended 31 December 2016, this project contributed only approximately 17.6% of our revenue as the project was completed in May 2016. Our gross profit margin for the year ended 31 December 2016 improved from that in the preceding year as the abovementioned project recorded gross profit of approximately S\$1.7 million with a gross profit margin of approximately 43.9% due to additional claims of

SUMMARY AND HIGHLIGHTS

approximately S\$1.4 million mainly arising from additional works required by Customer A as a result of modification in the building design in 2016. For further details, please refer to the section headed “Financial information — Period to period comparison of results of operations” on pages 201 to 204 of this prospectus.

Effective tax rates

For the two years ended 31 December 2016, our effective tax rates were approximately 3.0% and 4.8% respectively. Our effective tax rate was lower than the statutory tax rate of 17% mainly due to tax incentives relating to the Productivity and Innovation Credit Scheme (“PIC Scheme”) on leasing of automation equipment whereby G-Tech Metal enjoys 400% tax deductions for qualifying expenditure incurred from the years of assessment 2011 to 2018. G-Tech Metal also falls under the PIC+ Scheme. Under the PIC+ Scheme, the combined amount of qualifying expenditure for the years of assessment 2016 to 2018 is capped at S\$1.8 million whereby qualifying small and medium-sized enterprise can enjoy tax deductions/allowances of up to S\$7.2 million (400% on qualifying expenditure of S\$1.8 million) in the said years of assessment. Please refer to section headed “Regulatory overview — Productivity and Innovation Credit Scheme” on pages 90 to 91 of this prospectus for further details

Impact of listing expense on the financial performance of the Group for the year ending 31 December 2017

During the Track Record Period, we had not incurred listing-related expenses in the profit and loss account. The total estimated expenses in relation to the Listing are approximately HK\$21.8 million, all of which is directly attributable to the issue of New Shares to be borne by our Group. Out of the estimated listing expenses of approximately HK\$21.8 million to be borne by us, approximately HK\$15.0 million is expected to be charged to the profit or loss of our Group for the year ending 31 December 2017 and the remaining HK\$6.8 million is directly attributable to the issue of new shares to the public and is to be accounted for as a deduction from equity upon Listing. **The recognition of the listing expenses is expected to materially affect our financial results for the year ending 31 December 2017.** The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

Recent development and no material adverse change

We have continued to focus on strengthening our market position for our structural steelworks in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period. As at 31 May 2017, we have eight ongoing projects out of which seven projects with aggregate contract value of approximately S\$21.0 million were secured subsequent to the Track Record Period while the remaining one project with contract value of approximately S\$6.5 million was contracted during the Track Record Period, among which approximately S\$3.6 million has been recognised as revenue. Three out of these eight projects were awarded by Customer G, Customer D and Customer A, being our five largest customers during the Track Record Period whereas the other five projects were awarded by new customers.

SUMMARY AND HIGHLIGHTS

There was no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 1 January 2017 up to the Latest Practicable Date, we did not experience any significant drop in revenue or increase in cost of services or other costs (apart from listing expenses incurred) as there were no significant changes to the general business model of our Group and economic environment. Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2016 and there is no event since 31 December 2016 which would materially affect the information shown in our financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

Background information for listing in Hong Kong

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it (i) will allow our Group to raise funds from capital market; (ii) may enable our Group to achieve a higher valuation; and (iii) increase the profile of our Group on an international level. Please refer to section headed "History, Reorganisation and Group structure — Reasons for Listing" on pages 97 to 98 of this prospectus for further details.

SHARE OFFER STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.50 per Share	Based on the maximum indicative Offer Price of HK\$0.70 per Share
Market capitalisation (<i>Note 1</i>)	HK\$240,000,000	HK\$336,000,000
Unaudited pro forma adjusted combined net tangible assets per Share (<i>Note 2</i>)	S\$0.04 (equivalent to HK\$0.19)	S\$0.04 (equivalent to HK\$0.24)

Notes:

- 1 The calculation of the market capitalisation of our Company is based on 480,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue.
- 2 The unaudited pro forma adjusted combined net tangible assets per Share as at 31 December 2016 is arrived at after the adjustments set forth in Appendix II to this prospectus and on the basis that 480,000,000 Shares were in issue immediately following the completion of the Share Offer and the Capitalisation Issue.

For further details, please refer to the Unaudited Pro Forma Financial Information set forth in Appendix II to this prospectus.

SUMMARY AND HIGHLIGHTS

DIVIDENDS

For the two years ended 31 December 2016, G-Tech Metal declared dividends of S\$0.5 million and nil respectively, out of the distributable profits, and all these dividends had been paid as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following Listing. Our Group does not have any pre-determined dividend payout ratio and any dividends will be made at the discretion of the Board and will be based upon the Group's earnings, cash flow, financial condition, capital requirements and any other conditions that the Directors consider relevant. For details, please refer to the section headed "Financial information — Dividends" on page 227 of this prospectus.

RISK FACTORS

The material risks relating to our Group are: (i) failure to obtain new contracts given the non-recurring nature of our contracts; (ii) failure to complete our projects on a timely basis; (iii) non-renewal or suspension of our qualifications, licences and permits; (iv) possibility of adjudication proceedings under the BCISPA; and (v) decrease in projects secured from our top five customers who accounted for over 80% of our revenue for the two years ended 31 December 2016. The material risks relating to our industry are (i) reduction in the pipeline of new construction projects; (ii) cyclical fluctuation in the construction industry in Singapore and (iii) shortage of skilled workers. For further details, please refer to section headed "Risk factors" on pages 25 to 41 of this prospectus.

REGULATORY OVERVIEW

The structural steelwork industry in Singapore is regulated by the BCA and registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. As at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore, apart from those in relation to the registration system for contractors, the security of payments applicable for the Singapore's building and construction industry, the employment of foreign workers in Singapore, man-year entitlements, workplace safety and health laws and regulations, workmen's compensation and environmental laws and regulations. For further details of abovementioned regulations, please refer to the section headed "Regulatory overview" on pages 65 to 91 of this prospectus.

REGULATORY NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were involved in 7 non-compliances under the Employment Act. All of the breaches and non-compliances had been rectified and additional measures have been adopted to prevent recurrence. For further details, please refer to section headed "Business — Regulatory compliance" on pages 157 to 161 of this prospectus.

SUMMARY AND HIGHLIGHTS

SHAREHOLDING INFORMATION

Immediately following the completion of the Reorganisation, the Capitalisation Issue and the Share Offer, Broadville (a company wholly-owned by Mr. Ong) will hold 360,000,000 Shares, representing 75.0% of the enlarged issued share capital of our Company. For further details, please refer to section headed “History, Reorganisation and Group structure” on pages 92 to 99 of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Acceptance Date”	the last day for lodging applications under the Public Offer
“Application Form(s)”	WHITE and YELLOW application form(s), or where the context so requires, any of them, used in the Public Offer
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on 21 June 2017 to take effect on the Listing Date and as amended from time to time, a summary of which is set out in the paragraph headed “Articles of association” in Appendix IV to this prospectus
“associate(s)”	having the meaning ascribed thereto under the GEM Listing Rules
“BCA”	Building and Construction Authority of Singapore
“BCA Academy”	the education and research arm of BCA
“BCISPA”	Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore
“bizSafe”	bizSafe is a five-step programme to assist companies build up their workplace safety and health capabilities in order to achieve quantum improvements in safety and health standards at the workplace, and organised under the Workplace Safety and Health Council of Singapore
“Board of Directors” or “Board”	our board of Directors from time to time
“Broadbville”	Broadbville Limited, a company incorporated in the BVI with limited liability on 22 December 2016, which is wholly and beneficially owned by Mr. Ong, a Controlling Shareholder
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business and excluding any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“BVI”	British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of 359,990,000 Shares to be made upon capitalisation of a sum of HK\$3,599,900 standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 21 June 2017” in Appendix V to this prospectus
“Cayman Share Registrar” or “Principal Share Registrar”	Conyers Trust Company (Cayman) Limited, the Cayman Islands share registrar of our Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant(s)”	a person admitted to participate in CCASS as a broker participant
“CCASS Clearing Participant(s)”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant or a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Chirton Investments”	Chirton Investments Limited, a company incorporated in the BVI with limited liability on 28 November 2016, and a direct wholly-owned subsidiary of our Company and the intermediate holding company of our Group upon completion of the Reorganisation
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Co-Lead Manager”	Pacific Foundation Securities Limited, a corporation Licensed to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated revised) of the Cayman Islands
“Companies Ordinance (Cap 622)”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32)”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	GT Steel Construction Group Limited, a company incorporated in the Cayman Islands on 1 February 2017 with limited liability
“connected person(s)” or “core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and in the context of this prospectus only, means Broadbville and Mr. Ong
“Deed of Indemnity”	the deed of indemnity dated 26 June 2017 and executed by our Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for our subsidiaries), particulars of which are summarised in the paragraph headed “E. Other information — 1. Estate duty, tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 26 June 2017 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee of our subsidiaries), particulars of which are summarised under the paragraph headed “Deed of Non-Competition” in the section headed “Relationship with our Controlling Shareholders” of this prospectus
“Director(s)”	the director(s) of our Company
“Eco-Business”	Eco-Business Pte. Ltd., a research and consulting agency
“Eco-Business Report”	the industry report prepared by Eco-Business and commissioned by our Company
“Executive Director(s)”	the executive Director(s) of our Company
“FWL”	Foreign Worker Levy
“G-Tech Metal”	G-Tech Metal Pte. Ltd., a private limited company incorporated in Singapore on 4 June 2003 and a wholly-owned subsidiary of our Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”, “our Group”, “we”, “our” or “us”	our Company or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries, such subsidiaries and the businesses carried on by them or their predecessors (as the case may be)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of our Company
“IAS”	International Accounting Standards
“IFRS(s)”	International Financial Reporting Standards
“Independent Non-Executive Director(s)”	our independent non-executive Director(s)
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected (within the meaning ascribed to it in the GEM Listing Rules) with any of our Directors, substantial shareholders or chief executive of our Company or any of our subsidiaries or any of their respective associates and is not otherwise a connected person
“Joint Bookrunners” or “Joint Lead Managers”	Bluemount Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and Cinda International Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO
“Latest Practicable Date”	22 June 2017, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information referred to in this prospectus
“Listing”	the listing of the Shares on GEM

DEFINITIONS

“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares first commence trading on GEM
“Listing Division”	the listing division of the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted and became effective on 21 June 2017, as amended from time to time, a summary of which is set out in the paragraph headed “Memorandum of Association” in Appendix IV to this prospectus
“MOM”	Ministry of Manpower of Singapore
“Mr. Ong”	Mr. Ong Cheng Yew (王清佑), the founder, an Executive Director, the chairman of our Group and a Controlling Shareholder. Mr. Ong is the spouse of Ms. Koh
“Ms. Koh”	Ms. Koh Siew Khing (柯秀琴), our Executive Director. Ms. Koh is the spouse of Mr. Ong
“New Shares”	120,000,000 new Shares being offered by our Company for subscription under the Share Offer
“NTA”	the net tangible assets
“Offer Price”	the final price per Offer Share which will not be more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share (exclusive of brokerage, the Stock Exchange trading fee, and SFC transaction levy), such price is to be fixed on the Price Determination Date
“Offer Shares”	together, the Public Offer Shares and the Placing Shares
“payment certificate”	refers to a document containing the signature of the customer indicating agreement of the amount of works to be billed/invoiced
“per cent.” or “%”	per centum of percentage
“Placing”	the conditional placing by the Placing Underwriters on behalf of our Company of the Placing Shares for cash at the Offer Price, details of which are described under the section headed “Structure and conditions of the Share Offer” in this prospectus

DEFINITIONS

“Placing Shares”	60,000,000 Shares initially offered by our Company for subscription (subject to reallocation) at the Offer Price under the Placing subject to the terms and conditions as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	together, the underwriters of the Placing
“Placing Underwriting Agreement”	the conditional underwriting agreement dated 28 June 2017 relating to the Placing and entered into by, among others, our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Placing Underwriters, as further described in the section headed “Underwriting — Placing” in this prospectus
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date expected to be on Thursday, 6 July 2017 or such later date as the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company may agree, on which the Offer Price will be fixed for the purpose of the Share Offer
“progress claim”	refers to a document specifying the amount of works performed for a project and the corresponding value of the works performed, submitted to customers for approval
“progress payment”	a term used in BCISPA, to refer to payment to which a person is entitled for the carrying out of construction work
“Public Offer”	the offer by our Company of the Public Offer Shares for subscription to the public in Hong Kong as described in “Structure and conditions of the Share Offer” at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto

DEFINITIONS

“Public Offer Shares”	60,000,000 Shares initially offered by our Company for subscription pursuant to the Public Offer (subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Public Offer Underwriters”	together, the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 28 June 2017 relating to the Public Offer and entered into, among others, our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners the Co-Lead Manager and the Public Offer Underwriters, as further described in the section headed “Underwriting — Public Offer underwriting arrangements” in this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation of the Listing, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus
“Repurchase Mandate”	the general mandate to repurchase Shares given to our Directors by our sole Shareholder, particulars of which are summarised in the paragraph headed “3. Written resolutions of our sole Shareholder passed on 21 June 2017” in the section headed “A. Further information about our Company” in Appendix V to this prospectus
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 21 June 2017, the principal terms of which are summarised in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus

DEFINITIONS

“Shareholder(s)”	holder(s) of the issued Share(s)
“Singapore”	the Republic of Singapore
“Sole Sponsor” or “Vinco Capital”	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance (Cap 622)
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the two years ended 31 December 2016
“Underwriters”	together, the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	together, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“US” or “United States”	the United States of America
“US\$” or “USD”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“ WHITE Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS

Unless otherwise stated, the conversion of S\$ into HK\$ in this prospectus is based on the approximate exchange rate of S\$1.00 to HK\$5.50.

Such conversions shall not be construed as representations that amounts in HK\$ will be or may have been converted into S\$ at such rates or any other exchange rates, or vice versa.

Any discrepancies in any table between the total shown and the sum of the amount (including the percentage) listed are due to rounding.

GLOSSARY

This glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“beams”	long horizontal steel or concrete members, manufactured or shaped especially for use as parts of structures
“column beams”	a vertical member of construction structure that supports the load, weight, wind force, and seismic force on a beam
“CNC”	Computer Numerical Control
“CSC”	Certificate of Statutory Completion
“detailing software”	software which can create detailed, constructible three-dimensional model of any steel structure to plan the fabrication and erection works
“girders”	large iron or steel beams or compound structure used for building bridges and the framework of large buildings
“H-beam(s)”	steel beam(s) with an H-shaped cross-section
“heat number”	identification number that is stamped on a material plate after it is removed from the ladle and rolled at a steel mill
“I-beam(s)”	steel beam(s) with an I-shaped cross-section
“IFC”	Issued for Construction. The status of engineering/shop drawings that have been approved for construction/fabrication
“ISO”	International Organisation for Standardisation
“ISO 9001”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“ISO 14001”	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
“MDR”	Manufacturer’s Data Record. A document consisting of operations and maintenance manuals, and may also contain QA/QC documentation, as-built drawings and other related documents

GLOSSARY

“mill certificates”	test reports produced by steel manufacturers during the manufacturing process specifying the properties of steel for a particular production batch
“MPS”	Material Procurement Status. An intranet system which reports the current status of raw material procurement
“off-cut materials”	left-over materials from previous projects
“OHSAS 18001”	an international standard setting out requirements for occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“PMS”	Production Monitoring System. An intranet system which reports the current status of production at our premises
“prefabricated steel structures”	structural components such as columns, beams and trusses are manufactured in a premise prior to delivery to project site for erection
“QA/QC”	Quality Assurance/Quality Control
“shale shaker house”	a structure that houses components of drilling equipment used to remove large steel cuttings from the drilling fluid
“steel frame structures”	an assembly of steel structures constructed from a matrix of steel beam members
“steel grating(s)”	an open steel panel or frame to bear load and withstand force that is part of steel frame structures
“structural steel”	a category of steel used as construction material for making structural steel shapes
“structural steelworks”	a structure built using steel
“TOP”	Temporary Occupation Permit is a temporary permit to allow owner to occupy the building when the key regulatory requirements are met while awaiting for the Certificate of Statutory Completion
“truss”	a structure comprising one or more triangular units constructed with straight slender members whose ends are connected at joints

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed “Summary and highlights”, “Risk factors”, “Industry overview”, “Business”, and “Financial information”, which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ought”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our operations and business prospects, including new locations of expansion;
- our dividend policy;
- our overall financial condition;
- our planned projects;
- the regulatory environment of our industry in general;
- general industry outlook and future development in our industry;
- general economic trends in Singapore; and
- other statements in this prospectus that are not historical fact.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under the section headed “Risk factors” in this prospectus.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

RISK FACTORS

Potential investors of the Offer Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the market price of the Offer Shares could fall significantly.

This prospectus contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this prospectus. Factors that could contribute to such differences are set out below as well as in other parts in this prospectus.

RISKS RELATING TO OUR GROUP

A failure to obtain new contracts (given the non-recurring nature of our contracts) could materially affect our financial performance

Our contracts are on a project-basis. The duration of our completed projects during the Track Record Period typically range between 1 to 19 months with an average duration of approximately 7 months. As our revenue is not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing awarded projects. Our Group has to go through a competitive tendering or quotation process to secure new contracts. Our tender/quotation success rate was approximately 30.0% and 25.3% for the two years ended 31 December 2016 and our success rate is affected by a range of factors, such as our pricing and our competitors' pricing and the level of competition. There is no guarantee that we will be able to achieve a tender success rate in the future that is similar to those during the Track Record Period. There is also no guarantee that we will not have to lower our pricing due to competition. In addition, so far as the Executive Directors are aware, most of our customers have maintained some form of an evaluation system to track their subcontractors' performance, financial capability, reputation and certifications. If a contractor receives a poor safety performance review or an accident occurs due to workplace safety negligence, it may lead to a poor evaluation and affect our tender success rate. Our reputation, business operations, financial results and profitability may also be adversely affected.

In the event we are unable to maintain business relationship with existing customers or unable to secure new contracts or obtain similar number of projects, our revenue will be adversely affected. It is critical to our Group to secure new projects of similar or larger value or similar number of projects on a continual basis, and should we fail to do so, the financial performance of our Group will be adversely affected.

RISK FACTORS

Failure to complete our projects on a timely basis could materially affect our financial performance, reputation or we may be subject to claims

Our revenue is recognised based on the stage of completion method, and billing is based on monthly progress claims. A delay in a project will therefore affect our billings, revenue, operational cash flows and financial performance. We are also required to pay our suppliers and subcontractors notwithstanding the delay in the project if the purchase orders or scope of services have been fulfilled or rendered, therefore affecting our operational cash flows. A delay in a project will also cause increase in our cost such as storage cost to keep the fabricated steelworks, additional transportation cost to transport the fabricated steelworks to storage site rather than the project site and higher rental of machineries as machines may be left idle. A delay in a project can be due to various factors, including but not limited to, a shortage of manpower, a shortage of raw materials, delays by subcontractors, adverse weather or factors attributable to the main contractor of the project. If the delay is caused by us, we are liable to pay our contracting parties for the liquidated damages stipulated in our contracts and our reputation could also be materially and adversely affected.

Inability to renew our existing qualifications, licences and permits or the existing qualifications or licences are cancelled or suspended could materially affect our operations and financial performance

Our business and construction activities in Singapore are regulated by the BCA and various other regulatory bodies. These regulatory bodies stipulate the criteria that must be satisfied before permits and licences are granted to, and/or renewed and/or maintained, for our business. The maintenance and renewal of our permits and licences is subject to compliance with the relevant regulations. In particular, our Group has to meet the various requirements laid down by the BCA in order to maintain our general builder licence, specialist builder licence and our BCA construction workhead. The requirements to maintain our general builder licence and specialist builder licence include (i) having an approved person and technical controller who meet certain practical experience and academic requirements and (ii) a minimum paid-up capital. The requirements to maintain our construction workhead include (i) a minimum paid-up capital and net worth; (ii) qualified personnel with the necessary professional qualifications and experience; (iii) the necessary performance track records and (iv) contracts' profile. The requirements laid down by the BCA may change from time to time.

Further, G-Tech Metal is an accredited steel fabricator of the Singapore Structural Steel Society with a grading of S1. The S1 grading is awarded based on our track record, financial status, technical capability, the standard of our fabrication facilities and our ability to handle structural steel structures. The requirements to maintain our grading include but not limited to (i) net tangible assets of S\$3.0 million; (ii) certain number of qualified personnel with the necessary professional qualifications and experience; (iii) the performance track records; (iv) standards of our facilities and equipment and (v) to be certified under the ISO 9001 and OHSAS 18001 quality and safety systems. Although this

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accreditation scheme is voluntary in nature, prospective customers and developers usually look to the register of accredited steel fabricators to determine their choice of structural steel fabricators.

If we fail to comply with the applicable requirements or any required conditions to keep the qualifications and licences, then our qualifications and licences may be downgraded, suspended or cancelled. Delay or refusal may occur when renewing such qualifications and licences upon expiry. Failure to keep or renew our existing BCA workhead categories could result in suspension of our business operations, restriction or prohibition of certain business activities, or commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects. For details please refer to the section headed “Business — Main qualifications, licences and certifications” in this prospectus.

We may be subject to adjudication proceedings under the BCISPA

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

For subcontractor contracts, the BCISPA provides that if such contracts provides for the date on which a progress payment becomes due and payable, the progress payment shall become payable on the earliest of the following dates: (a) the date as specified in or determined in accordance with the terms of such subcontractor contract; (b)(i) the date immediately upon the expiry of 35 days after submission of a tax invoice if the claimant is a taxable person under the GST Act; and (b)(ii) if the respondent fails to provide a payment response, 35 days after (A) the date specified in or determined in accordance with the terms of the construction contract or within 21 days’ after the progress payment claim is served, whichever is earlier, or (B) where the construction contract does not contain such a provision, within seven (7) days’ after the progress payment claim is served.

Where the subcontractor contract does not provide for the date on which a progress payment becomes due and payable, the progress payment shall become due and payable on (a) the date immediately upon the expiry of 14 days after submission of a tax invoice if the claimant is a taxable person under the GST Act; or (b) in any other case, if the respondent fails to provide a payment response, the date immediately upon the expiry of 14 days after (i) the date specified in or determined in accordance with the terms of the construction contract, or within 21 days’ after the progress payment claim is served, whichever is earlier, or (ii) where the construction contract does not contain such a provision, within seven (7) days’ after the progress payment claim is served. For further details, please refer to the section headed “Regulatory overview — Building and construction industry security of payments” in this prospectus.

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Our trade payables turnover days were approximately 68 days and 158 days respectively for the two years ended 31 December 2016 which were higher than the payment terms as stipulated under the BCISPA. Our suppliers and subcontractors will be entitled to make an adjudication application in relation to the relevant payment claims when they fail to receive payment by the due date. An adjudication application shall be made within seven days after the entitlement of the claimant to make the application first arises, failing which the claimant will lose his statutory right to make such an application. However, in such event, the claimant will still be entitled to make a contractual claim against the respondent for the relevant payment claim. Should there be any adjudication proceedings commenced against us, we will need to expend time and costs, and may adversely affect our reputation, relationships with the parties involved and adversely affect our liquidity and financial performance. As at 31 December 2015 and 31 December 2016, there were 145 and 568 invoices with total values of approximately S\$1.0 million and S\$1.2 million due to 56 and 73 suppliers and subcontractors respectively that may qualify for adjudication application under the BCISPA. Based on the amount outstanding as at 31 December 2016, there were 24 invoices with total values of approximately S\$0.1 million due to 20 suppliers and subcontractors as at the Latest Practicable Date that may qualify for adjudication application under the BCISPA.

Our top five customers accounted for over 80% of our revenue for the two years ended 31 December 2016 and any decrease in projects secured from any one of them could affect our operations and financial results

Our largest customer accounted for approximately 69.8% and 39.4% of our revenue and our top five customers collectively accounted for approximately 91.9% and 81.8% of our revenue for the two years ended 31 December 2016 respectively. There is no assurance that these major customers will continue to use our services at fees acceptable to our Group or our Group can maintain our relationship with them in the future. In the event that our Group is unable to retain these customers, or seek replacement customers, our business, results of operations, profitability and liquidity will be adversely affected.

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

Our Group's success and growth depends on its ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Our Group's growth is dependent on many factors, and one of which is the contribution by our founder, chairman and Executive Director, Mr. Ong who is responsible for our Group's overall business strategy and development, while our project director and operation director are responsible for overall management of our projects and operations.

If any of our Executive Directors or senior management ceases to be involved in the management of our Group in the future and our Group is unable to find suitable replacements in a timely manner, there could be an adverse impact on the business and results of operations of our Group. The loss of service of any of the abovementioned

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personnel without a suitable and timely replacement or the inability to attract and retain other staff could adversely affect our Group's operation, and hence, our Group's revenue and results of operations.

Our short-term revenue and profitability may not be indicative of the long-term results of operations

Revenue from some ongoing contracts may be recognised across financial years, depending on the stage of completion of each contract. The revenue and profitability for different contracts vary and should the amount of works performed be higher for a certain financial year, that particular financial year will record better short-term results. There is, therefore, no assurance that our short-term results of operations will be indicative of our long-term results of operations.

Incorrect estimation of our project costs and costs overruns will affect our costs and materially and adversely affect our financial performance

Most of our contracts with our customers have a fixed and pre-determined fee throughout the contract period and do not permit any price adjustment. We generally fix our fees when we submit our tender or quotation, after carrying out internal costing and budgeting estimates of raw materials, rentals for machineries, labour costs and subcontracting services (if applicable) based either on existing market price or should the projects be larger in scale, quotations from certain of our suppliers and/or subcontractors. Except in instances of variation orders initiated by our customers, unilateral adjustments to the contract price or scope of works on our own are not accepted. Accordingly, we generally have to bear the risk of cost fluctuations. Therefore, cost management is critical in ensuring that the project meets its budgeted profit margin.

The duration of our completed projects during the Track Record Period generally span from 1 to 19 months. There is no assurance that the costs estimated at the beginning of a contract will not be exceeded during the course of the contract period. Cost overrun may result from inaccurate estimation of costs, increase in cost of materials and wages of our workers, delay in the project, change in the regulatory requirements, disputes with subcontractors, labour disputes as well as accidents and other unforeseen circumstances. The risk of cost overruns also increases with the duration of a project, due to possible increases in the price of materials and labour. If we are unable to keep our costs (including costs to be paid to our suppliers and subcontractors) within our original estimates, or the price adjustment mechanisms are not provided, or we are not able to fully cover the increases in costs during the project, our business operations, financial results and profitability will be adversely affected.

Fluctuations in steel prices may adversely affect our profit margins

Our Group's primary raw material is steel. We purchase steel from steel traders in Singapore. The price of steel fluctuates due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mills. Steel reached an all time high of US\$1,265 per metric ton in June 2008 and a record low of US\$90 per metric ton in March 2016. For further details, please refer to

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section headed “Industry overview” of this prospectus. Any significant and long-term increase in steel prices as compared with the prices of substitutes, including but not limited to concrete and other construction materials, may result in the construction industry turning to the use of alternative construction materials. Any fall in the demand for structural steelworks because of the use of alternatives would in turn adversely affect our business operations and financial performance. To the extent that we have entered into contracts with our customers and we have not obtained confirmed quotations from our suppliers for the amount of steel required for that contract, fluctuations in steel price would affect us. We also do not engage in hedging contracts for steel. In such instances, should there be an increase in steel prices and if we are not able to pass the increase in steel prices to our customers, our financial performance will be adversely affected. Our Group has incurred approximately S\$7.8 million and S\$3.9 million for the purchase of steel materials for the two years ended 31 December 2016 respectively.

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

We make monthly progress claims to our customers in respect of the value of the work we have performed, and subject to our customer’s confirmation, thereafter we will proceed to issue the invoices with a credit term in accordance with the provision of the contract. As at 31 December 2015 and 31 December 2016, our gross trade receivables were approximately S\$2.3 million and S\$3.2 million respectively. For the two years ended 31 December 2016, the allowance for doubtful debts were S\$109,459 and nil respectively, accounting for approximately 4.9% and nil of our gross trade receivables for the corresponding period respectively. Our Group typically grants credit terms ranging from 30 to 60 days upon issuance of invoice. For the two years ended 31 December 2016, our average trade receivables turnover days (excluding unbilled revenue and retention monies) were approximately 23 days and 45 days respectively.

As at 31 December 2015 and 2016, out of our trade receivables, net of allowance for doubtful debts of approximately S\$2.1 million and S\$3.2 million, approximately S\$0.1 million and S\$0.7 million were past due but not impaired.

A portion of the contract value, normally 5% is withheld by our customers as retention money, of which half will be released upon TOP and the remaining released at the end of defect liability period (usually 12 months after TOP). As at 31 December 2015 and 31 December 2016, retention money of approximately S\$4.4 million and S\$2.9 million respectively, was retained by our customers. If a client delays payment or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected. Even where we are able to recover any losses incurred pursuant to the terms of the contract, the process of such recovery is usually time-consuming and requires financial and other resources to settle the disputes. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely

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manner. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position, results of operations and prospects.

Our operations are working capital intensive and our cash flows may fluctuate due to the payment practice applied to our projects

Our projects normally require significant cash outflow at the early stage particularly to purchase steel, our primary raw material, prior to receiving payment from our customers. Our projects typically do not have deposit from customers prior to starting work, although we will request if deposit can be made for higher value contracts. Our customers will pay progress payments after our works commence and such works and payments are certified by our customers. Accordingly the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. Should the progress of our projects be delayed, our cash flow position may be adversely affected. We undertake a number of projects at any given period, and the cash outflow of a particular project could be compensated by the cash inflows of other projects. Should the mix of the projects be such that more are at the initial stage, our corresponding cash flow position may be adversely affected. The net cash used in operating activities for the year ended 31 December 2016 was approximately S\$2.2 million.

Our ability to secure performance bonds will affect our ability to undertake our projects

It is a common practice in the construction industry that contractors are required by their customers to take out performance bonds furnished by a bank or acceptable financial institution at a fixed sum or in a certain percentage of the contract value to secure the contractual performance of the project. If the contractor fails to comply with the requirements in the contract, the customer is guaranteed a compensation for monetary loss up to the amount of the performance bond. Our ability to secure a performance bond is critical to fulfill the conditions of and undertake such contracts. In the event that we are unable to secure the requisite performance bonds for any reason, our award of these construction projects will be revoked. This may materially and adversely affect our revenue and profitability. During the Track Record Period, our Group has taken out approximately S\$4.0 million of performance bonds.

Our operations may subject us to claims relating to late delivery, personal injuries and other matters which may expose us to significant liability claims

We may from time to time encounter disputes arising from contracts with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. Claims against us may involve defective works, sub-standard works, unfinished work or delays in the completion of the contracts, defective designs, casualties, property damages which may result in us incurring liquidated damages under the terms of our contracts with our customers or delay of payment to subcontractors or suppliers. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial position, results of operations and prospects. Moreover, legal

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proceedings resulting in unfavourable judgment or findings may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

Our employees who have suffered an injury arising out of and in the course of his employment can choose to either submit a claim under the Work Injury Compensation Act for compensation through MOM without needing to prove negligence or breach of statutory duty by employer or commence legal proceedings to claim damages under common law against employer for breach of duty or negligence. Pursuant to the Work Injury Compensation Act, an injured employee is entitled to claim medical leave, wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain stipulated limits. Damages under a common law claim are usually more than an award under the Work Injury Compensation Act and may include compensation for pain and suffering, loss of wages, medical expenses and any future loss of earnings. We may also face claims from third parties from time to time, including those who suffer personal injuries at premises where we provide our services.

During the Track Record Period and up to the Latest Practicable Date, we had settled 9 employees' compensation claims with an aggregate settlement amount of approximately S\$46,000. All these claims were in relation to work-related personal injuries of employees or ex-employees of our Group. Furthermore, all of these claims were covered by our insurance. As at the Latest Practicable Date, there were 2 outstanding employees' compensation claims which the quantum of these claims are yet to be ascertained but confirmed to be covered by our insurance. For details, please refer to section headed "Business — Quality, environmental and occupational health and safety management system — Employees' compensation claims" of this prospectus.

We rely on third parties, including subcontractors, to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such third parties

We may engage subcontractors for part of certain contracts secured by us, for instance, to provide services such as galvanizing works, painting and electrical works which we do not typically provide in-house. We also engage subcontractors to carry out certain steel fabrication works and site installation works to better allocate our resources for our projects' needs. Our Group has incurred subcontracting costs of approximately S\$12.5 million and S\$4.8 million for the two years ended 31 December 2016 respectively. The engagement of subcontractors is subject to certain risks, including difficulties in overseeing the performance of such subcontractors in a direct and effective manner, failure to complete the contracted scope of works or inability to hire suitable subcontractors. As the subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. As a result, we may experience deterioration in the quality of our services, incur additional costs, or be exposed to liability in relation to the performance of subcontractors, which may have impact on our profitability, financial performance and reputation, and may result in litigation or damages claims.

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In addition, we are also subject to claims arising from defective work performed by subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may be required to compensate our customers before receiving compensation from the subcontractors. If no corresponding claim can be asserted against a subcontractor, or the amounts of the claim cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims, in which case our business, financial position, results of operations and prospects could be materially and adversely affected.

Over 80% of our workforce is made up of foreign labour and inability to obtain foreign labour could materially affect our operations and financial performance

Our business is highly dependent on skilled, semi-skilled and unskilled foreign worker as the local construction and manufacturing labour is limited and more costly. Any shortage in the supply of foreign workers or increase in FWL for foreign workers, or any restriction on the number of foreign workers that we can employ for our structural steelworks, will adversely affect our operations and financial performance. As at the Latest Practicable Date, approximately 84.0% of our workforce is made up of foreign employees. On this basis, our operations and financial performance may be adversely affected due to any shortage in the supply of foreign workers and any increase in the cost of foreign labour. The supply of foreign labour in Singapore is subject to the policies and regulations imposed by the MOM.

For example, the MOM imposes a quota on the number of foreign workers that the main contractor and its subcontractors (including our Group and our subcontractors) can employ in respect of each construction project. Depending on the requirements of our projects, the tightening of such quota on the number of foreign workers that the main contractors and its subcontractors can employ could affect our operations and accordingly our business and financial performance could be adversely affected. Any changes in the policies of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to our operations which may result in a delay in the completion of our projects. The MOM also imposes FWL for foreign workers (subject to changes as and when announced by the Singapore government) whereby the FWL for basic skilled workers under the construction sector will increase to S\$650 from 1 July 2016 and to S\$700 from 1 July 2017 (subject to changes as and when announced by the Singapore Government). Any increase in FWL will increase our operating expenses and will affect our financial performance.

Our business plan may not be implemented successfully which may adversely affect our prospects

Our Directors are of the view that the future plan of our Group has been prepared after due enquiry by reference to, among other matters, the expected future prospects of the construction industry in Singapore and the continuation of our competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by a number of factors including the availability of sufficient funds, government policies

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relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationship with our customers and the threat of substitutes and new market entrants. There is no assurance that our business plan can be successfully implemented. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our business plan, our prospects may be adversely affected.

Our business strategies include capital investment which would lead to increase depreciation charges that would reduce our profitability

Our business strategies include the purchase of new fabrication facility and its renovation, as well as the purchase of machineries such as welding machines, drilling machines, cutting machines, rolling machine and lifting/transport machineries. The total investment costs are estimated to be approximately S\$13.6 million and as these investments are capital expenditures, there would be a resultant increase in our depreciation charges. Based on the aforementioned investments, the additional depreciation charges are expected to be approximately S\$1.1 million and S\$1.2 million for the two years ending 31 December 2019 respectively, which may adversely affect the Group's financial performance.

Our insurance coverage may not be sufficient to cover all losses or potential claims from our customers which would affect our business, financial condition and results of operations

We have purchased insurance policies on machine and equipment all risks to cover claims in connection with fire, theft and accidental damage to our machines and equipment. We have also purchased required insurance policies for our staff, such as work injury compensation, medical and hospitalisation policies. As and when required, we also purchased insurance policies on contractors' all risks to cover material damage and accidents relating to the specific project. For the two years ended 31 December 2016, our total insurance premiums were approximately S\$161,000 and S\$148,000 respectively. However we may become subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant property damage or personal injury occur in our facilities or to our employees due to accidents, natural disasters, or similar events which are not covered or inadequately covered by our insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employees compensation obligations, or other form of economic loss. In addition, we have not maintained insurance policies against losses arising from our environmental liabilities, work stoppages, civil unrest or other activities. Pursuant to Singapore laws and regulations, purchasing such insurance is not compulsory. If we purchase such additional insurance, we would incur additional costs for our business operations.

Although we believe our insurance coverage is sufficient for the needs of our operations and appropriate for our current risk profile, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. If we face any operating risks resulting from any of the aforesaid events in relation to the failure to purchase insurance, we may bear a substantial cost and experience a loss. In addition, our insurers will review our policies each year and we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from

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severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. Any losses that we may incur which we are not insured against may adversely affect our business, financial condition and results of operations.

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

Our business involves inherent industrial risks and occupational hazards, which may not be eliminated through implementing safety measures. We participate in certain activities presenting risks and dangers, among which are fabrication, welding and erection of structural steelworks where we may have to work at height and/or at the construction sites. Our employees will also have to work with machinery and tools that have to be handled appropriately. Thus we are exposed to risks related to such activities, such as equipment failure, industrial accidents and fire. We cannot ensure that such risks will not cause a material and adverse impact to us in the future. The materialisation of any of the risks mentioned above in the worst case scenario may disrupt our business and lead to delay in the project and damage our reputation, which may also adversely affect the validity of our relevant qualifications, business operations and results of operations. Our insurance coverage may not be sufficient, and it may not be possible to obtain adequate insurance (or any insurance at all) to cover certain risks on commercially reasonable terms. In addition, we may also be fined by the regulators, penalised with demerit points which may lead to debarment in hiring foreign workers and issued stop work orders which could severely disrupt our Group's operations and lead to delays in the project. For the two years ended 31 December 2016, our Group recorded no fatal injuries and five and four accidents, with an accident/lost time injuries rate of 11 and 10 respectively. For details, please refer to section headed "Business — Quality, environmental and occupational health and safety management system — Employees' compensation claims" of this prospectus.

We have not registered our intellectual property rights, and any allegations that we have infringed third parties' intellectual property rights could have an adverse effect on our business, financial condition and results of operations

As at the Latest Practicable Date, there are no applicable intangible properties for our operations and we have not registered any intellectual property rights in the jurisdiction in which we are active. There is no assurance that we will be able to successfully obtain registrations of our trademarks, nor that we will be able to adequately guard against future infringement of our trademarks or that others will not challenge our rights in, or ownership of these trademarks. If we infringe or are alleged to infringe a third party's intellectual property rights, we may be required to defend an infringement action. The defence and prosecution of intellectual property actions and related administrative proceedings can be costly and time consuming, with unpredictable outcomes, and may divert the attention, efforts and resources of our Directors and senior management and hence could have an adverse effect on our business, financial condition and results of operations.

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Cessation of government grants or scheme may adversely affect our financial performance

Singapore Government provided various grants and schemes to encourage business organisations to improve productivity and raise employability of older Singaporeans. For further details, please refer to section headed “Regulatory overview” of this prospectus on Special Employment Credit, Temporary Employment Credit and Productivity and Innovation Credit Scheme (“**PIC Scheme**”). For the two years ended 31 December 2016, our effective tax rates were approximately 3.0% and 4.8%, which were lower than the statutory tax rate of 17% mainly due to tax incentives relating to the PIC Scheme. The qualifying conditions to claim tax deductions under the PIC scheme are as follows: (i) the company carries on active business operations in Singapore; and (ii) the company has incurred qualifying expenditure (capital expenditure incurred on the acquisition of PIC IT and automation equipment) and is entitled to PIC during the basis period of qualifying year of assessment. For further information, please refer to section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Income tax expense” of this prospectus. The PIC Scheme will be applicable until the year of assessment 2018. Should the Singapore Government do not extend the PIC Scheme or provide similar grants or schemes after the expiry of the PIC Scheme, our financial performance may be adversely affected as we will be required to pay more tax.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A reduction in the pipeline of construction projects could materially affect our financial performance

Our Group is highly dependent on the pipeline of construction projects in Singapore. Construction projects are in part affected by the general economic conditions, construction industry, the ability of Singapore to attract foreign investments, resale prices and rental yields (as the case may be), factors which are beyond our control. Fewer available projects will result in more intense competition and a downturn in our industry may lead to tighter liquidity, delay and/or cancellation of projects and slower collection and/or recovery of trade receivables. A downturn in the Singapore economy could dampen the general sentiments in the construction industry and reduce construction demand, which will adversely affect our business and financial performance.

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

During the Track Record Period, our revenue was derived solely from our operations in Singapore. Any unforeseen circumstances, such as natural disasters in Singapore, recession in Singapore economy, outbreak of an epidemic in Singapore and any other incidents happening in Singapore may adversely affect our business, prospects, financial conditions and results of operations.

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Our Group is dependent on the construction industry in Singapore, which is subject to cyclical fluctuations. A downturn in the Singapore construction industry is likely to have an adverse impact on our business and profitability due to the possibility of postponement, delay or cancellation of construction projects and delay in recovery of receivables.

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

According to the Eco-Business Report, BCA is encouraging productivity through systems such as pre-fabricated pre-finished volumetric construction where building units are put together off-site and assembled on-site. The emphasis on productivity from the Singapore Government is partially attributed to recent policies to cap number of foreign workers in the construction industry. Changes to quotas of foreign workers have been introduced by the MOM in recent years and have impacted all sectors of the construction industry as well as other industries in Singapore. In addition, from 1 January 2017, at least 10% of a company's construction work permit holders must be Higher-Skilled (R1) before any new Basic-Skilled (R2) construction workers may be hired. Renewals will not be affected. This is tracked based on a 12-week rolling average. From 1 January 2018, companies that do not meet the 10% R1 minimum will be prohibited from hiring new R2 construction workers and will also not be able to renew the work permits of R2 construction workers. From 1 January 2019, companies that do not meet the 10% R1 minimum will not be able to hire or renew R2 construction workers and will also have the work permits of any excess R2 construction workers revoked. Given that we are in a labour intensive industry, we rely on our workers for our business operations and if we are unable to retain or replace such workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. We cannot assure you that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor can we guarantee that our staff costs will not increase to attract or maintain workers. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

The operations of structural steelworks companies in Singapore are subject to compliance with a number of regulatory requirements and any changes in such requirements may affect our operating costs and profitability

Our operations are required to comply with various safety, employee protection and environmental protection laws, regulations and requirements in Singapore, with certain material ones summarised in the section headed "Regulatory overview" of this prospectus. Any changes in such requirements may result in our Group incurring additional costs to comply which may increase our operating costs and adversely affect our profitability. During the Track Record Period and up to the Latest Practicable Date, our Group was involved in 7 non-compliances under the Employment Act which includes (i) failure to pay employee salaries within 7 days from the last day of each salary period; (ii) failure to pay employee overtime salaries within 14 days from the last day of each salary period; (iii) failure to pay daily rated workers their gross rate of pay for paid public holidays; (iv) scheduled employees to work more than 44 hours in a week; (v) failure to pay employee

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overtime of no less than 1.5 times the hourly basic rate of pay; (vi) scheduled employees to work for more than 12 hours in a day without an exemption from the Commissioner of Labour; and (vii) failure to provide employees with 1 rest day per week. These non-compliances resulted in our Group being debarred by the MOM on 20 July 2016 from applying for or being issued with new work passes for foreign workers until 17 October 2016. Should our Group repeat such non-compliances, we may be subjected to double penalty and imprisonment terms. Please refer to section headed “Business — Regulatory compliance” for further details.

Lower priced competitors operating out of Malaysia may affect our business and profitability

According to the Eco-Business Report, one of the threats to Singapore’s structural steel sector is from lower priced competitors operating out of nearby Johor in Malaysia and shipping products across the road bridges into construction sites. With cheaper land prices and employee costs, Malaysia’s steel fabricators can offer lower manufacturing prices than the Singapore counterparts. Increased competition with lower priced competitors operating out of Malaysia may adversely affect our business and profitability.

RISKS RELATING TO THE SHARE OFFER

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

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Listing, there has been no public market for the Shares. The Offer Price is the result of negotiations between our Company, the Joint Lead Managers (for themselves and on behalf of the Underwriters), and may differ from the market price for the Shares after the Listing. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for the Shares. The pricing and trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond control of our Group:

1. variations in our operating results;
2. changes in the analysis and recommendations of securities analysts;
3. announcement made by us or our competitors;
4. changes in investors’ perception of our Group and the investment environment generally;
5. addition or departure of key management;
6. developments in the Singapore construction industry;
7. fluctuations in market prices and trading volume of the Shares;
8. involvement in litigation; and

RISK FACTORS

9. general economic environment and other factors.

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

Termination of the Underwriting Agreements

Prospective investors of Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by the Joint Lead Managers (for themselves and on behalf of the Underwriters) by giving written notice to our Company upon the occurrence of any of the events stated in the section headed “Underwriting — Public Offer underwriting arrangements — Grounds for termination” of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out.

Future sale of Shares or major divestment of Shares by our Controlling Shareholders may adversely affect the prevailing market price of the Shares

The sale of a significant number of Shares in the public market after the Share Offer, or the perception that these sales may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed “Underwriting” in this prospectus and the restrictions set out by the GEM Listing Rules, there are no restrictions imposed on our Controlling Shareholders or substantial shareholders to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares, thereby limiting our Group’s ability to raise capital.

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

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

The interest of our Controlling Shareholders may conflict with the interest of our Company’s public shareholder

Immediately upon the completion of the Capitalisation Issue and the Share Offer, our Controlling Shareholders will own approximately 75.0% of our enlarged issued share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at Shareholders’ meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, affect composition of the Board and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of our public Shareholders. We cannot assure you

RISK FACTORS

that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders.

Historical dividends are not indicative of our Group's future dividends

G-Tech Metal declared a dividend of S\$0.5 million during the year ended 31 December 2015 and nil during the year ended 31 December 2016. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The amount of any dividends to be declared in the future will be subject to, among other factors, our Directors' discretion, having taken into account the substantial capital requirements of our Group in the foreseeable future, the availability of distributable profits, our Group's earnings, working capital, financial position, capital and funding requirements, the applicable laws and other relevant factors.

In any event, there is no assurance that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to our Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by us in the past, or by other listed companies in the same industry as our Group.

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

Our headquarters and principal place of business is in Singapore with our sales and purchases mainly denominated in Singapore dollars while the proceeds from the Share Offer will be denominated in HK dollars. Further, the presentation currency of the Group's financial statements is also in Singapore dollars. Since 1 January 2015 up to the Latest Practicable Date, Singapore dollar has depreciated by approximately 4.1% against the HK dollars, from S\$1.00 to HK\$5.85 as at 1 January 2015 to S\$1.00 to HK\$5.61 as at the Latest Practicable Date. As such, we may be exposed to fluctuations in the exchange rate and any unfavourable fluctuation against our Group may adversely affect the underlying value of our proceeds from the Share Offer and the financial performance of our Group.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

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

Certain facts, statistics and data in this prospectus are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager the Underwriters

RISK FACTORS

or any of their respective directors, affiliates or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

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

There may be press and media coverage regarding our Group and the Share Offer, which may include certain events, financial information, financial projections, and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility from them. Accordingly, prospective investors are cautioned against making their investment decisions in reliance on any other information, reports, or publications other than this prospectus.

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

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms, on the terms and subject to the conditions set out herein. No person in connection with the Share Offer is authorised to give any information, or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, our Directors, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners, the Underwriters, and any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus, together with the Application Forms, sets out the terms and conditions of the Share Offer.

This prospectus is published solely in connection with the Share Offer, which is sponsored by the Sole Sponsor and managed by the Joint Lead Managers and to be fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreements). Further information about the Underwriters and the underwriting arrangements is contained in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or by his/her/its acquisition of the Offer Shares will be deemed to confirm that he/she/it is aware of the restrictions on the Share Offer of the Offer Shares described in this prospectus. Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit an offering of the Offer Shares or the general distribution of this prospectus and the Application Forms. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Further details of the structure and conditions of the Share Offer are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32), if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the application lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the Offer Shares, they should consult an expert. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, or any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the Offer Shares.

REGISTRATION AND STAMP DUTY

Our fully-paid Shares are freely transferable. The Shares may be registered on the principal register of members of our Company in the Cayman Islands or on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on our principal register of members in the Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

Our Company's principal register of members will be maintained in the Cayman Islands by our Company's Principal Share Registrar, Conyers Trust Company (Cayman) Limited, and our Company's branch register of members will be maintained in Hong Kong by our Hong Kong Branch Share Registrar, Union Registrars Limited.

All the Shares will be registered on the branch register of members of our Company in Hong Kong. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees.

Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent by ordinary post at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangements and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Monday, 17 July 2017. Shares will be traded in board lots of 5,000 each. The stock code for the Shares is 8402.

Our Company will not issue any temporary documents of title.

LANGUAGE

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

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

TRANSLATIONS

Unless otherwise stated, the conversion of S\$ into HK\$ in this prospectus is based on the approximate exchange rate of S\$1 to HK\$5.50.

No representations is made that any S\$ amounts were or could have been or could be converted into HK\$, at such rate or any other rate on any day.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Ong Cheng Yew (王清佑)	1 Li Po Avenue Teacher Housing Estate Singapore 788704	Singaporean
Ms. Koh Siew Khing (柯秀琴)	1 Li Po Avenue Teacher Housing Estate Singapore 788704	Singaporean
<i>Independent Non-Executive Directors</i>		
Mr. Tam Wai Tak Victor (譚偉德)	Flat D, 9/F., Block 9 Royal Ascot Fotan, New Territories Hong Kong	Chinese
Ms. Chooi Pey Nee (徐佩妮)	186 Tagore Avenue Singapore 787854	Malaysian
Mr. Tan Yeok Lim (陳煜林) (Chen Yulin)	Apt Blk 663, #20-263 Choa Chu Kang Crescent Singapore 680663	Singaporean

Please refer to the section headed “Directors, senior management and employees” in this prospectus for further information.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Vinco Capital Limited
Units 4909–4910, 49/F., The Center
99 Queen’s Road Central
Hong Kong

**Joint Bookrunners and Joint Lead
Managers**

Bluemount Securities Limited
Room 2403–05, Jubilee Centre
18 Fenwick Street, Wan Chai
Hong Kong

Cinda International Securities Limited
45/F Cosco Tower
183 Queen’s Road Central
Hong Kong

Co-Lead Manager

Pacific Foundation Securities Limited
11/F, New World Tower II,
16–18 Queen’s Road Central,
Hong Kong

Legal advisers to our Company

As to Hong Kong laws
Michael Li & Co.
Solicitors, Hong Kong
19/F., Prosperity Tower
39 Queen’s Road Central
Central
Hong Kong

As to Singapore laws
Rajah & Tann Singapore LLP
Advocates & Solicitors, Singapore
9 Battery Road
#25–01 Straits Trading Building
Singapore 049910

As to Cayman Islands laws
Conyers Dill & Pearman
Attorneys-at-law, Cayman Islands
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong laws</i> Sincere Wong & Co. <i>Solicitors, Hong Kong</i> Room 1012, Wing On Centre 111 Connaught Road Central Hong Kong
Reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F., One Pacific Place 88 Queensway Hong Kong
Auditor	Deloitte & Touche LLP <i>Public Accountants and Chartered Accountants</i> 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809
Compliance adviser	Vinco Capital Limited Units 4909-4910, 49/F, The Center 99 Queen's Road Central Hong Kong
Internal control assessor	Deloitte & Touche Enterprise Risk Services Pte Ltd 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809
Property valuer	Greater China Appraisal Limited Room 2703 Shui On Centre 6-8 Harbour Road Wan Chai Hong Kong
Receiving banker	DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Central, Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	19/F., Prosperity Tower 39 Queen's Road Central Central Hong Kong
Headquarters and principal place of business	64 Woodlands Industrial Park E9 Woodlands Industrial Park E Singapore 757833
Company website	www.gt-steel.com.sg <i>(Note: contents contained in this website do not form part of this prospectus)</i>
Compliance officer	Mr. Ong Cheng Yew
Company secretary	Mr. Chan Hank Daniel <i>Solicitor, Hong Kong</i> 19/F., Prosperity Tower 39 Queen's Road Central Central Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Ong Cheng Yew 1 Li Po Avenue Teacher Housing Estate Singapore 788704 Mr. Chan Hank Daniel <i>Solicitor, Hong Kong</i> 19/F., Prosperity Tower 39 Queen's Road Central Central Hong Kong
Audit committee	Mr. Tam Wai Tak Victor (<i>Chairman</i>) Ms. Chooi Pey Nee Mr. Tan Yeok Lim (Chen Yulin)
Remuneration committee	Ms. Chooi Pey Nee (<i>Chairwoman</i>) Mr. Tam Wai Tak Victor Mr. Tan Yeok Lim (Chen Yulin)

CORPORATE INFORMATION

Nomination committee	Mr. Tan Yeok Lim (Chen Yulin) (<i>Chairman</i>) Mr. Tam Wai Tak Victor Ms. Chooi Pey Nee Ms. Koh Siew Khing
Principal Share Registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong
Principal banker	Malayan Banking Berhad Bukit Timah Business Centre 114-116 Upper Bukit Timah Road Singapore 588172

INDUSTRY OVERVIEW

Investors should note that Eco-Business has been engaged by our Company to prepare the Eco-Business Report to provide an overview of the structural steelwork industry in Singapore and an analysis of market demand, which will be used in whole or in part in this prospectus.

The information and statistics set out in this section have been extracted from the Eco-Business Report and other publicly available sources. Our Group, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager and the Underwriters believe that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information. While our Group, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager and the Underwriters have exercised reasonable care in extracting and reproducing such information and statistics, our Group cannot ensure the accuracy of such information and statistics and such information and statistics may not be consistent with other information. Our Group, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager and the Underwriters have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics used in this section have not been independently verified by our Group, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and other parties involved in the Share Offer or their respective directors and advisers and no representation is given as to the accuracy of such information and statistics. You should not place undue reliance on any of such information and statistics contained in this section.

So far as our Directors are aware of, there is no adverse change in the market information since the date of the Eco-Business Report which may qualify, contradict or have an impact on the information in this section.

ABOUT ECO-BUSINESS

Eco-Business Pte Ltd is a Singapore-headquartered business intelligence company that focuses particularly on manufacturing, industrial and other business-to-business sectors. Key clients include Fortune 500 companies, public sector entities and small and medium-sized enterprises with bases in Asia Pacific. Founded in 2009, Eco-Business also publishes articles and reports on Asia-Pacific business issues and chairs regional events. Eco-Business consists of analysts, writers and researchers based in Singapore, Sydney, Manila and Missouri with a further network of over 500 contributors profiled on the website, based in other parts of Asia-Pacific and the rest of the world. Eco-Business has been paid a fee of S\$45,000 by our Company to write this report.

INDUSTRY OVERVIEW

SOURCES OF INFORMATION

In preparing the Eco-Business Report, Eco-Business conducted detailed primary research which involved interviews with our senior staff, industry participants and authoritative third party industry associations. Eco-Business also conducted secondary research which involved reviewing websites and annual reports or accounts of the various competitors, as well as official bureaus' databases, independent research reports and journals, industry bulletins, association reports and data based on its own research database. Eco-Business obtained historical data for share of total revenue of the top six industry players and competition analysis after conducting the primary research and secondary research, as well as cross-checking the findings from such primary research with that from such secondary research.

Some of the information extracted from the Eco-Business Report is also referred to in the sections headed "Summary and highlights", "Risk factors", "Business" and "Financial information" in this prospectus.

ASSUMPTIONS FOR THE REPORT

Eco-Business based the report on the following assumptions:

- The Singapore construction market is expected to follow government expectations for growth over the forecast period.
- Singapore's social, economic and political environments are expected to remain stable over the forecast period.
- There will be no external shock such as a financial crisis or raw materials shortage that would impact the operations of the structural steelworks sector during the forecast period.
- The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. The market research was completed in January 2017 and all statistics in the report are based on information that was available at the time of writing. Eco-Business's forecast data is derived from an analysis of the historical development of the market, the economic environment and underlying market drivers and is checked against established industry data and interviews.

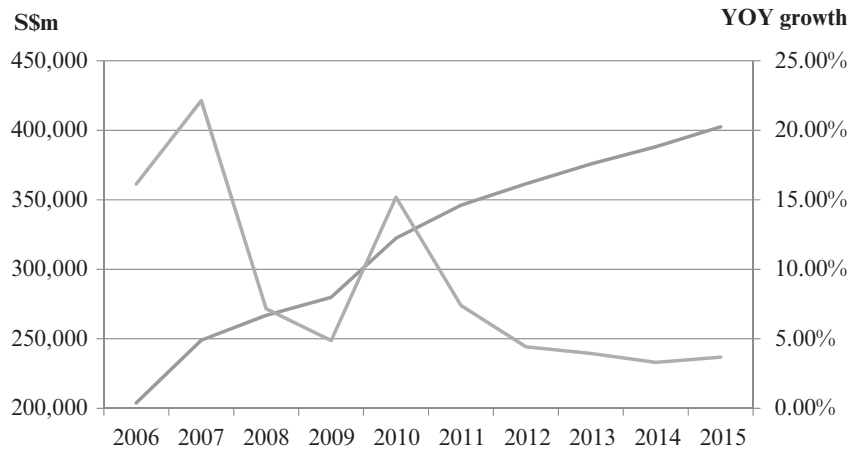
OVERVIEW OF THE MACRO-ECONOMIC ENVIRONMENT OF SINGAPORE

Singapore's post-independence success and growth can be attributed to its carefully planned economy. The government has aimed to increase standards of living for its citizens by encouraging industries that are best suited to the limited resources of the island state. The economic strategy has developed a business-friendly environment, the pursuit of foreign direct investment, (particularly from multinational companies) and the nurturing of certain domestic sectors such as banking, defence and transportation with government-linked companies. Over the years the focus on foreign direct investment has evolved from

INDUSTRY OVERVIEW

labour-intensive low tech industries to electronics and through to higher value industries, often favouring trends or growth sectors such as biotech, clean energy, pharmaceuticals, financial technology etc.

Singapore's GDP and growth rates

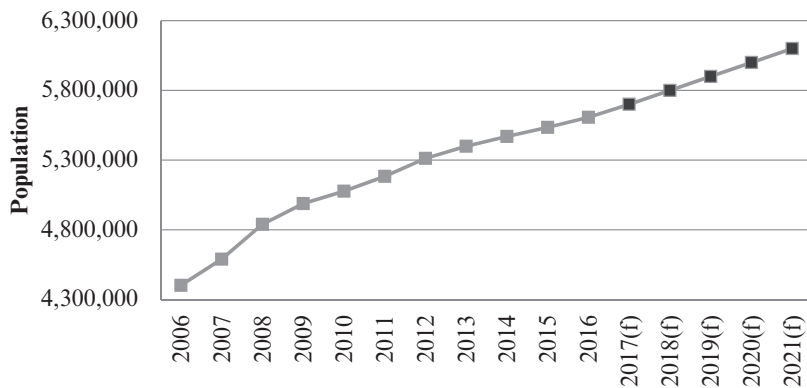


Source: Singstat (Department of Statistics Singapore)

To cater to the growing workforce needs of the industries that have set up in the city-state, the government has implemented various immigration programs designed for different skill levels. Short term work visas cater for manual or low skilled labourers who are required to return home at the end of their contract, whereas scholarship programs and a permanent residency system are used to entice highly educated knowledge workers to remain in the city and convert to full citizenship.

This strategy, based on further encouragement of new industries, is expected to continue through to at least the end of the next decade. By 2030 Singapore's population is expected to rise to around 7 million from 5.6 million in 2016.

Population growth, historical and forecast, Singapore



Source: Singstat, Population.sg (National Population and Talent Division), Projection of population from 2017–2021 is based on Eco-Business internal analysis using growth rates from Singstat and estimations of population numbers in 2030 from Population.sg

INDUSTRY OVERVIEW

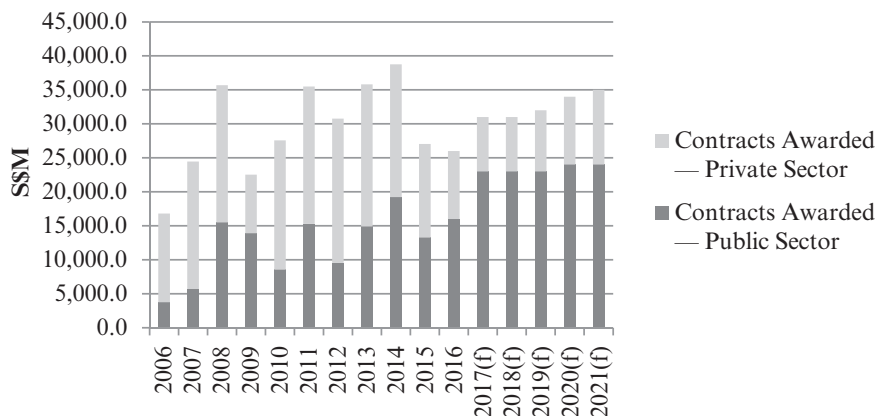
Through the use of consistent central planning and retention of expertise, the Singapore government has ensured that its ongoing program of land sales, acquisition and reclamation as well as infrastructure development are in line with the growth of the population and the economy. Singapore has not been adverse to the occasional economic shock, such as the recent global financial crisis, or the earlier 1997–1998 South-east Asia crisis. But the controls exerted by the government have usually meant that the economy has been able to rebound faster than many other mature economies.

The 2017 Singapore Budget announced increased expenditure on the healthcare and infrastructure sectors. The government announced that public transport would be enhanced, with a doubling of the mass rapid transit network by 2030 as well as the development of a new terminal at Changi Airport. It was also announced that infrastructure would continue to be upgraded and renewed in the longer term. Real GDP is forecast to expand by 2.2% on average in 2017–21. The openness of the city state’s economy will, however, leave it exposed to possible slowdowns from China and the US during the forecast period.

OVERVIEW OF THE BUILDING AND CONSTRUCTION MARKET IN SINGAPORE

Singapore’s building and construction market in the past has moved in tandem with the growth rates of the economy and the population. In the previous decade there was a surge effect caused by an unexpected increase in the economy and population from 2005 after a few years of stagnation. The excess of the recovery (after a slight downturn from the 2008 global financial crisis) was largely tempered by controls on the population from 2011 when the government reduced immigration flows following concerns from citizens. (The government has not, however, changed its plan to increase population levels to up to 7 million by 2030, and the gradual population rises since 2011 suggest that it is still on track to reach this target).

Contracts awarded and forecast, public and private sector



Source: *The Building and Construction Authority of Singapore (BCA). Projection based on Eco-Business internal analysis*

INDUSTRY OVERVIEW

The Building and Construction Authority of Singapore (BCA) which is the regulatory authority and government agency for construction, is expecting the development of new infrastructure and related projects to remain strong. The forecast CAGR for 2017–2021 for both public and private sector new projects combined is expected to reach around 4.13% with the bulk of that growth coming from the public sector.

The main business driver for the public sector is the government's overall growth plans and hence infrastructure project roll-out for the country. This follows the specific programme for construction set out in the overall Master Plan (2014) and Land Use Plan published in 2013, which specifies the allocation for different types of land use by hectares from 2010 to 2030. Private sector construction is driven by the demands of the economy for new residential, commercial or industrial premises. Private sector demand can also fluctuate according to the overall supply and demand existing in the market as well as other factors such as the growth rate of the population and the growth and entry of companies into the market. Singapore's GDP is forecast to grow at a CAGR of 10.8% between 2017 and 2021 according to BMI Research and construction is expected to constitute 4.9% of the total GDP value during this timeframe. BMI Research also expects the residential and non-residential building industry value to grow by a CAGR of 6.42% during this timeframe. The population is forecast to grow by a CAGR of 1.6% between 2017 and 2021. The forecast from BCA is for private sector construction demand to remain a smaller component of the overall construction demand up to 2021 averaging between S\$8–S\$11 billion annually. During the Track Record Period, all projects that contributed to our Group's revenue were from solely private customers mainly undertaking private sector projects.

Upcoming projects in transport infrastructure include the development of Terminal 5 at Changi airport, rail projects such as the Thomson-East Coast Line, the Cross Island Line, Jurong Region Line, Circle Line 6, the North-East Line Extension and the KL to Singapore high-speed train connection, as well as the 21.5 km North-South Corridor, a highway expressway connecting towns in northern Singapore to the city centre.

To cater for a population of up to 7 million by 2030, new towns are being planned in Bidadari, Tampines North and Tengah. Punggol, an existing new town, will be further developed into one of the largest public sector Housing Development Board (HDB) towns in Singapore.

To take the pressure off the central business district in Singapore, a new business centre is planned for Jurong Lakeside. Unveiled in the Urban Redevelopment Authority's (URA) master plan of 2008, the development comprises a commercial hub, Jurong Gateway and a leisure precinct, Lakeside.

Investing further in Singapore's location along global shipping routes, the government is also upgrading the port infrastructure with the new Tuas Terminal which has entered Phase 1 of construction. When completed, the entire mega-terminal will have a total capacity of up to 65 million twenty-foot equivalent units (TEUs) per annum, which is more than double the amount of TEUs handled in the whole of Singapore in 2015. The new facilities will optimize land use with underground storage facilities and new container depots.

Further infrastructure projects include the Deep Tunnel Sewerage System, a desalination plant at Marina East, a new National Cancer Centre at Outram and an Integrated Intermediate Care Hub at Jalan Tan Tock Seng as well as various educational

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facilities. Added to this will also be a number of planned new and upgraded residential, commercial and industrial projects, as well as recreational projects such as new facilities at Mandai Lake.

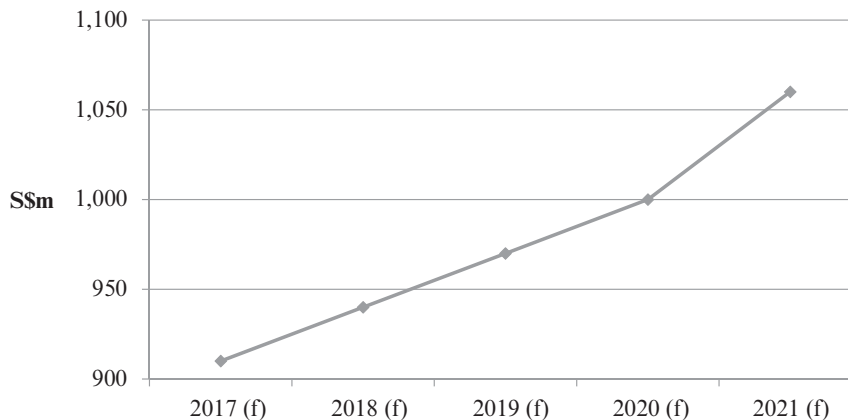
The high levels of government investment are part of the long term economic plans for the future of the city state. As new infrastructure buildings are forecast to enjoy the highest levels of construction that Singapore has ever experienced, it is expected that new private sector projects will also rise in tandem as new companies and citizens arrive in the country.

USES OF STRUCTURAL STEEL AND TRENDS FOR DEMAND

Structural steel has numerous advantages over alternatives in building design and development. Compared with concrete, steel offers a less labour-intensive, faster rate of construction, a better strength to volume ratio as well as flexibility in design. In the past Singapore has faced supply problems from Indonesia for sand, a critical component in concrete, causing issues with construction costs. Similarly the formation of concrete requires significant onsite resources and space, or the shipping in of modular prefabricated components.

Steel is one of the most commonly recycled building materials. It is 100% recyclable and each reuse process does not degrade quality. Each year, more steel is recycled in North America than aluminium, paper, glass and plastic combined. BCA is pursuing a program of green buildings with a target of having 80% of the buildings in Singapore to be designated 'green' by 2030. BCA's "Green Mark" system including the Sustainable Construction masterplan considers areas such as the Concrete Usage Index (CUI) to minimize the use of concrete in buildings. Contractors and developers in Singapore will need to work with suppliers that can help them score green points to enable the final structure to be commercially viable. Hence steel is increasingly the material of choice for the construction of buildings and temporary support for deep excavations. As public sector projects are expected to form up to 70% of Singapore's contracts awarded up to 2021, the proportion of steel used will likely continue to grow in tandem, at least keeping track with the expected CAGR of 4.13% of the overall construction build from 2017–2021.

Forecast market for structural steel



Source: *Eco-Business*

INDUSTRY OVERVIEW

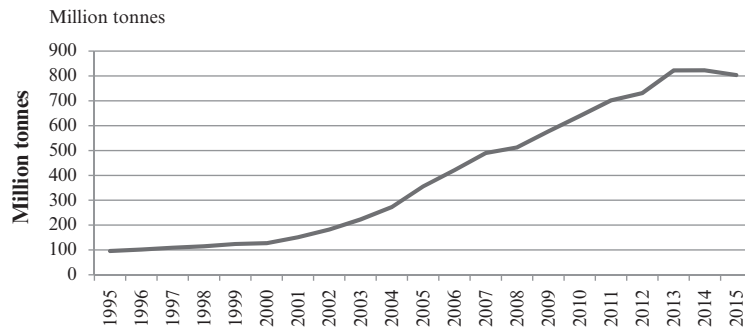
OVERVIEW OF STEEL DEMAND AND SUPPLY AND HISTORICAL PRICE TRENDS

Steel is an alloy of iron and other elements, mainly carbon. It is one of the world's most important construction materials and is also used in cars and all sorts of machines and appliances. The biggest producer of crude steel is China. Historically, the European Union, Japan, United States, India, Russia and South Korea have also been steel producers. The biggest producers of iron ore are: China, Australia, Brazil, India, Russia, Ukraine and South Africa. Steel Futures are available for trading in The London Metal Exchange (LME). The standard contract weights 65 tonnes. Steel reached an all time high of 1,265 USD/MTonne in June of 2008 and a record low of 90 USD/MTonne in March of 2016. Towards the end of 2016, steel prices recovered to around 300 USD/MTonne.

In the last two decades China has been increasing its steel production to serve its domestic infrastructure needs and to fuel its export manufactures. As China's economy has slowed down, the government has been under pressure to maintain employment levels. Much of the state-owned steel manufacturing sector has thus been producing steel at below cost in order to keep employment levels up. This has caused global steel prices to plummet in recent years. Although China has pledged to reduce steel production up to 2020, there is little evidence that they will be going ahead with this.

For the construction sector this means that price hikes in steel in the immediate future are unlikely and hence the overall material costs as a component of construction costs can be better anticipated. The relatively cheap price of steel will also ensure that it continues to get incorporated as the material of choice at the design phase.

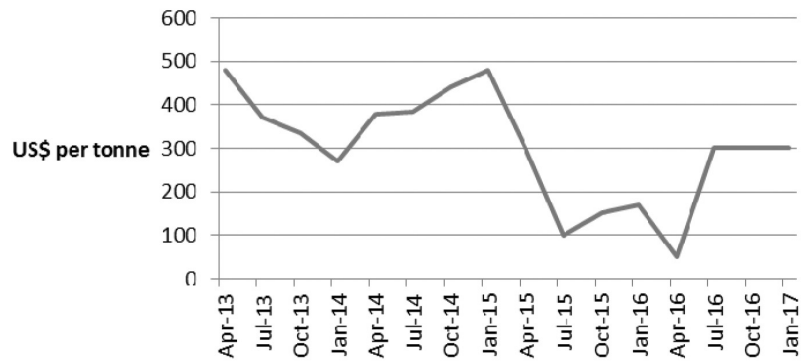
China's supply of steel



Source: World Steel Association

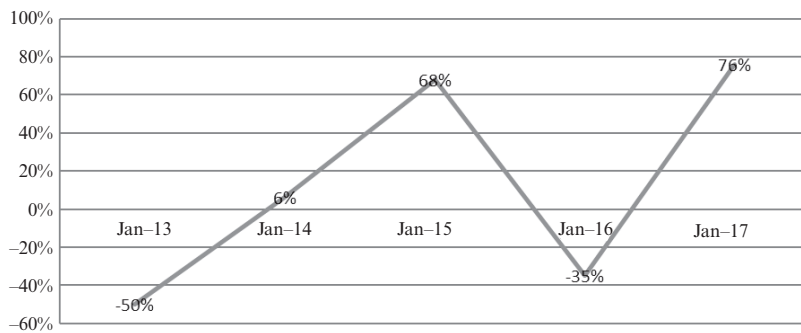
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Steel prices from the London Metal Exchange



Source: London Metal Exchange, Quandl

Annual percentage change in steel price



Source: London Metal Exchange, Quandl

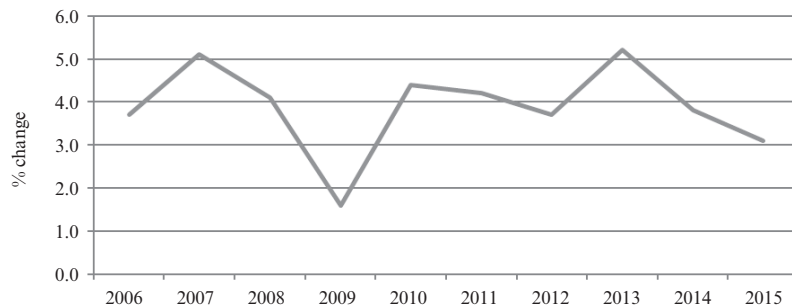
Impact of staff costs on the construction sector in Singapore

Singapore's construction sector has in the past been staffed by a controlled immigration system of foreign workers, predominantly from surrounding Asian countries. This system has helped to manage rising wage costs in the industry. To manage this system and ensure that industry does not become entirely dependent on a foreign workforce, the government introduced a foreign worker "levy" pricing mechanism to regulate numbers. To further slow immigration rates, the levy rate for basic construction workers will be raised from S\$650 in 2016 to S\$700 on 1 July 2017.

As a result of these policies, wages in all industry sectors have raised by an average of 5% annually between 2011 to 2015. Wages in the construction sector are expected to increase by an average annual rate of 3–4% between 2017–2021. Rising wage costs will be a factor impacting the whole industry in Singapore and will result in higher prices being charged to buyers.

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Wage changes in Singapore's construction sector



Source: *Survey on Annual Wage Changes, Manpower Research and Statistics Department, Ministry of Manpower*

DRIVERS FOR THE INDUSTRY, TRENDS, FUTURE OPPORTUNITIES AND THREATS

The outlook for the construction sector up to 2030 will be largely driven by the government's economic strategy and its plans for increased investment in critical infrastructure and industries to fuel the growth. The construction market in 2016 was slightly lower than predicted due to the rescheduling of some major projects into 2017. The government has predicted the overall construction market for 2017 to reach between S\$28 billion and S\$35 billion per annum, compared with S\$26 billion spent in 2016. The government has further predicted that the construction market will range from S\$26 billion to S\$37 billion per annum from 2018 up to 2021, driven largely by public sector projects.

The core public sector agencies that are involved with these plans such as the Ministry of Trade and Investment (MTI), the Housing and Development Board (HDB), the Land Transport Authority (LTA), the Urban Redevelopment Authority (URA), the Maritime and Port Authority (MPA), and the Ministry of National Development (MND), to name but a few, have all published their roles and plans in the overall masterplan to show the expected investment and the numerous projects that will make up the growth. Many of these projects will incorporate further maintenance and upgrade projects in the years after their completion.

All this critical infrastructure investment is likely to attract companies to set up new operations bases in Singapore, which is a natural hub in South-east Asia due to its geographic location. This investment from private companies will then create demand for new private industrial building projects. Hence once the current program of infrastructure projects is complete, the private industrial building sector can be expected to pick up.

Further opportunities beyond the existing public sector-driven plans include the opportunity for increased use of structural steel in residential housing projects and other developments that have traditionally used concrete.

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BCA is encouraging productivity through systems such as Pre-fabricated Pre-finished Volumetric Construction (PPVC) where building units are put together off-site and assembled on-site. For structural steel fabricators there are minimal challenges to adjusting the business to do greater off-site construction where needed for the main contractors.

The emphasis on productivity from the government is partially attributed to recent policies to cap numbers of foreign contract labourers working in the construction sector. Changes to quotas of foreign workers have been introduced by the Ministry of Manpower in recent years and have impacted all sectors of the construction sector as well as other industries in Singapore. This has caused operational costs to increase for many phases of development.

As the earlier section on steel prices shows, the market price for steel has increased substantially in percentage terms from the low points of early 2016 but is unlikely to achieve the levels seen at the end of the last decade. Some further fluctuation can be expected depending on the conditions from China.

The main threat that the structural steel sector faces is in economic cycles of the client industries. The other threat to Singapore's structural steel sector is from lower priced competitors operating out of nearby Johor in Malaysia and shipping products across the road bridges into construction sites. With cheaper land prices and employee costs, Malaysia's steel fabricators can offer lower manufacturing prices than their Singapore counterparts. Malaysia is also competing fiercely with Singapore's port operations. Tanjong Pelapas, close to Tuas Terminal in Singapore has a capacity of 10.5m TEUs and is undergoing a US\$2.1 billion investment to expand the capacity to 13.2m TEUs within 15 years. Given the proximity of Singapore to Malaysia, this could also mean an opportunity for structural steel companies based in Singapore to take on Malaysian projects by setting up manufacturing facilities in Malaysia.

INDUSTRY LANDSCAPE OF THE STRUCTURAL STEELWORK INDUSTRY IN SINGAPORE

All construction sector companies in Singapore are listed on the BCA website according to the specialist nature of the work or services they provide. Structural steel fabricators are also registered and administered with the Singapore Structural Steel Society (SSSS) with the support of BCA. The classifications aim to identify the quality and calibre of the fabricating firms undertaking structural steel works in the construction industry. The highest category, called "S1", is reserved for companies with total equity of at least S\$3 million that have the facilities, resources and capabilities to fabricate and erect steel structures for buildings, industrial plant or portal structures of over 30m in height, or for large span portal, bridges or trusswork of over 30m in span. Although the companies in the S1 category typically own their own equipment, it is not unusual for them to have a relatively low ratio of property, plant and equipment assets compared with total assets.

These companies are regarded as the leading players in the industry due to their track records in terms of the size and scope of the projects they have undertaken. It would be somewhat difficult, although not impossible, for a structural steel company with a lower category rating to achieve S1 certification. As such, turnover in the industry in terms of new

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players entering or existing players dropping off the lists does not tend to happen regularly, in keeping with trends in other parts of the construction sector in Singapore. Hence the barriers to entry into the S1 category are relatively high and hence the players in this category can reasonably be expected to command significant market share of the construction projects in Singapore.

According to the SSSS website there are 121 accredited steel fabricators, among which 29 companies have a steel fabricators accreditation listing of S1 at the time of writing. A further 34 vendors have the lower S2 rating (with equity of S\$2 million), with the remainder as S3 and S4 (with total equity of S\$700,000 and S\$100,000 respectively). Most companies with a lower rating than S1 are either small companies that do not have to file tax returns, or general construction companies which specialise in other areas and for whom structural steel fabrication is a small part of their service offering. Hence an S1 level company would have constructed projects of a minimum of 5,000 tonnes of S1 category work in the previous 3 years, whereas an S2 level company would have constructed a minimum of 2,000 tonnes of S2 category work in the previous 3 years.

As such the industry has a relatively small number of active specialist companies that have the ability to handle large products and a large number of smaller companies or companies that can only undertake small projects.

PROFILE OF LEADING PLAYERS AND ESTIMATED MARKET SHARE

Of the 29 steel fabricators with an S1 listing, 11 are reckoned by industry players to be particularly active in the Singapore market (as opposed to being small representative offices of overseas companies). The most active players include: our Group, Boon Chang Structure Pte Ltd, Hetat Pte Ltd (“Hetat”), Kong Hwee Iron Works & Construction Pte Ltd, Leong Siew Weng Engineering Pte Ltd, Seng Leong Project Pte Ltd, Steeltech Industries Pte Ltd (“Steeltech”), Technics Offshore Engineering Pte Ltd, TTJ Design & Engineering Pte Ltd (“TTJ”), WY Steel Construction Pte Ltd (“WY Steel”) and Yongnam Engineering & Construction Pte Ltd (“Yongnam”). Of these companies financial information is available only for Hetat, Steeltech, TTJ, WY Steel and Yongnam, as the remaining companies have declared revenues of less than S\$5 million according to the Accounting and Corporate Regulatory Authority of Singapore (ACRA) and hence do not need to file returns. Technics Offshore have filed with ACRA but its principal activities as listed in its parent company’s annual report in 2015 are design, fabrication, installation and commissioning of process modules and equipment for oil and gas exploration and production and is thus not comparable.

There is no publicly available information to determine the total revenue generated in any given year for the companies that have not filed any returns with ACRA. Similarly, SSSS and BCA do not track the volume or dollar value of structural steel used in Singapore on an annual basis. Hence it is not possible to determine with any degree of certainty the total market size of the structural steel industry in Singapore.

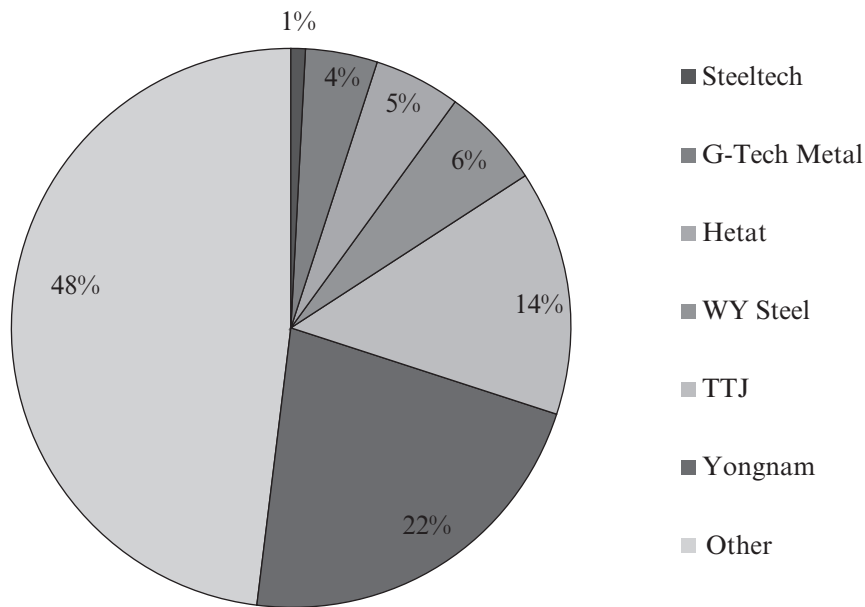
Any revenue figures provided by these small industry players through interview cannot be verified and are potentially misleading.

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We have therefore set out the revenues of the six largest industry players below and have estimated the combined revenues of the remaining players based on their accreditation ranking and tax filing compliance. Although there is no certain data on the overall size it is likely that the top six companies command a significant market share of the structural steel projects in Singapore based on our understanding of the industry.

Overall revenues for the six leading players listed below increased from S\$337m in 2014 to S\$428m in 2015 using the most recently available financial reports to make this assessment.

Market share of leading structural steel companies in Singapore



Source: ACRA reports, company websites, Eco-Business analysis and estimates

Company	Steeltech	G-Tech Metal	Hetat	WY Steel	TTI	Yongnam	Others	Total
Revenue (S\$m) 2015	13	36	39	49	114	177	391	819
Share of total revenue	2%	4%	5%	6%	14%	22%	48%	100%
Relevant revenue figures for the year ended	31 December 2015	31 December 2015	31 December 2015	30 June 2015	31 July 2016	31 December 2015		
Public or private holding company	Public (Subsidiary of Tiong Seng Holdings Ltd)		Public (Subsidiary of SHS Holdings Ltd)	Private	Public (Subsidiary of TTI Holdings Limited)	Public (Subsidiary of Yongnam Holdings Limited)		

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The leading players profiles are as follows:

Yongnam Engineering & Construction Pte. Ltd. (“Yongnam”)

According to its annual report, Yongnam has more than 40 years of experience in steel fabrication. It has two production facilities in Singapore and Johor, Malaysia offering a total annual production capacity of 84,000 tonnes of steel fabrication.

Hetat Pte. Ltd. (“Hetat”)

Hetat was established in 2003 and has established operations in Singapore, Malaysia, China and Mongolia. Its focus is on structural steel and has principal activities in the design, engineering and construction of steel, aluminium and glass structures. It has a production facility in Singapore with land area of 194,000 square feet.

TTJ Design & Engineering Pte. Ltd. (“TTJ”)

TTJ was established in 1981 and has a combined annual production capacity of 42,000 tonnes for normal structural steel at its two fabrication facilities in Singapore and Johor, Malaysia.

Steeltech Industries Pte. Ltd. (“Steeltech”)

Steeltech was established in 1976 and has a total production area of 50,000 sq ft and a monthly output of 500 tons.

WY Steel Construction Pte. Ltd. (“WY Steel”)

WY Steel was established in 1978 and builds warehouses, factories, recreation centres, sheltered walkways, multi storey car parks, hawker centres and commercial buildings in Singapore. It has an 8,000m² workshop which houses a range of in-house fabrication activities.

OUR COMPETITIVE EDGE

In addition to being accredited as an S1 steel fabricator by the SSSS, we also hold the GB1 Licence for general building works as well as the Specialist Builder (Structural Steelwork) Licence issued by BCA. With these qualifications, we have developed a track record for capabilities in the design, engineering and construction of technological plants and industrial buildings, which are typically larger and more complex projects. These qualifications and projects completed by us further enhance our competitive advantage and track record.

For further details on the competitive edge of our Group in the structural steelworks market in Singapore, please refer to the section “Business — Competitive strengths” in this prospectus.

FUTURE OUTLOOK

Singapore's construction sector is being driven by a large number of infrastructure projects which will continue into the latter part of the next decade. These infrastructure projects feed into the government's overall strategy for growth which includes bringing in new companies, investing in new industry sectors and increasing the population level. Structural steel is a critical component of many of these projects. The relatively small number of structural steel fabricators with the highest grade (S1) accreditation such as our Group means increased visibility for these companies as the list of accredited steel fabricators and their accreditations is made public on the website of SSSS. The S1 accreditation means that they have the infrastructure, resources and capabilities to take on building structures and span portals of the highest dimension (as compared to other accreditation grades). Steel fabricators accredited with S1 can also bid for small and medium projects from both government and private sector. These large scale projects will increasingly demand greater design and consultancy skills from the steel fabricators, which will in turn enhance their skills and productivity making them more valuable for future projects. These fabricators will be in a good position not just for Singapore projects but also for Malaysia projects across the causeway in the Iskandar area.

With the critical infrastructure in place it would be reasonable to expect an upturn in the future for private sector projects as new companies set up operations and new citizens require homes to live in, which would help to maintain growth for the overall construction sector in the future.

The infrastructure investment currently being planned for Singapore will further cement the position for the city-state at the centre of Asean's trade and high-tech industry. Hence the building works can be expected to bring further industry investment for Singapore and growth opportunities both for Singapore and its construction sector.

REGULATORY OVERVIEW

This section of the prospectus contains a summary of certain laws and regulations currently relevant to our Group's operations and the structural steelworks industry. Having made all reasonable enquiries and to their best knowledge, our Directors confirm that save as disclosed in this section and the sections headed "Risk factors" and "Business" in this prospectus, our Group has complied with all material applicable laws and regulations in Singapore where our Group operated during the Track Record Period and as at the Latest Practicable Date and has obtained all necessary permits, licences and certificates for our operations. Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

REGULATIONS AND SUPERVISION OF OUR BUSINESS IN SINGAPORE

Overview

The building and construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. The Building Control (Amendment) Act 2007 and its subsidiary legislation set out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a Builder's Licence from 16 June 2009. The requirement applies to both public and private construction projects. There are two regimes administered by the BCA, the Builders Licensing Scheme ("BLS") and the Contractors Registration System ("CRS").

There are two types of Builder's Licences, namely the General Builder Licence and the Specialist Builder Licence issued under the BLS. A General Builder Licence is required for companies undertaking general building works. Companies is also required to obtain a Specialist Builder Licence to undertake specialist building works, *inter alia*, (i) piling works, (ii) ground support and stabilisation works, (iii) site investigation work, (iv) structural steelwork, (v) pre-cast concrete work and (vi) in-situ post-tensioning work.

Registration with the Contractors Registry maintained by the BCA is a pre-requisite to tender for projects in the public sector. A company which is only involved in the private sector projects need not register under CRS and will only need a licence under the BLS. A company would need to have a licence issued under the BLS in order to be registered under the CRS.

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G-Tech Metal is issued with a General Builder Class 1 Licence and Specialist Builder (Structural Steelwork) Licence by the BCA under the BLS. G-Tech Metal is also registered by the BCA under the CW01 workhead (General Building) at the C1 Grade under the CRS. Accordingly, G-Tech Metal is able to undertake:

- (i) (in its capacity as the holder of a General Builder Class 1 Licence) contracts for private sector building works of any value.
- (ii) (in its capacity as the holder of a Specialist Builder (Structural Steelwork) Licence) structural steelwork comprising (a) fabrication of structural elements, (b) erection work like site cutting, site welding and site bolting and (c) installation of steel supports for underground building works.
- (iii) (in its capacity as the holder of a CW01 workhead at C1 Grade) direct tendering of contracts for building works for government agencies of a contract value up to S\$3.8 million from 1 July 2017 to 30 June 2018.

Contractors registration system

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the Singapore public sector, registration in the CRS maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. At present, there are seven major categories of registration under the CRS: (a) Construction Workhead (CW), (b) Construction-Related Workhead (CR), (c) Mechanical & Electrical Workhead (ME), (d) Maintenance Workhead (MW), (e) Trade Heads (TR), (f) Regulatory Workhead and (g) Supply Head (SY). Under these seven major categories, there is a further sub-classification of a total of 63 workheads. Each major category of registration under the CRS is also subject to six to seven financial grades (“**Grades**”). In order to qualify for a particular Grade, companies must satisfy the respective Grade requirements and the main requirements of which are (i) financial capability (valid audited accounts, paid-up capital, net worth, etc); (ii) relevant technical personnel (full-time employed, recognised professional, technical qualifications, valid licences, etc); (iii) management certifications (Singapore Accreditation Council Accredited ISO 9000, ISO 14000, OHSAS 18000, etc); and (iv) track record (valid projects with documentation proof, endorsed and assessed by clients for the past 3 years).

The qualified Grade of registered companies corresponds with a tendering limit (valid for one year) which, dependent on the economy of the construction industry in Singapore, may be adjusted from year to year.

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

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G-Tech Metal is currently licensed as a General Builder Class 1 and Specialist Builder (Structural Steelwork) by the BCA under the BLS and registered with the BCA under the following workhead:

Workhead	Title	Scope of work	Grade ⁽¹⁾	Expiry date
CW01	General Building	<p>(a) All types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants.</p> <p>(b) Addition and alteration works on buildings involving structural changes.</p> <p>(c) Installation of roofs.</p>	C1	1 October 2018

Note:

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

The tendering limits for construction workheads (CW01) under the CRS are as follows:

Grades	A1	A2	B1	B2	C1	C2	C3
1 July 2016 to 30 June 2017 (S\$ million)	Unlimited	85	40	13	4.0	1.3	0.65
1 July 2017 to 30 June 2018 (S\$ million)	Unlimited	82	38	13	3.8	1.3	0.65

REGULATORY OVERVIEW

In order for G-Tech Metal to maintain its existing BCA Grade, there are certain requirements to be complied with, including but not limited to requirements relating to minimum paid-up capital and net worth, employment of personnel (including registrable professionals (“**RP**”)⁽¹⁾, professionals (“**P**”)⁽²⁾ and technicians (“**T**”)⁽³⁾, and track record of past projects or contracts secured.

Some of the specific requirements for G-Tech Metal’s BCA Grade as at the Latest Practicable Date are as follows:

Workhead/Title/Grade	Requirements	
CW01/ General Building/ Grade C1	Minimum paid-up capital & minimum net worth	S\$300,000
	Management	To employ at least 1 RP or P and at least 1 T, of which 1 RP or P or T with BCCPE ⁽⁴⁾
	Track record (over a three- year period)	To secure projects with an aggregate contract value of at least S\$3 million
	Certification	Safety Management Certificate or OHSAS 18000
	Additional requirement	To possess General Builder Licence Class 1 or Class 2

Notes:

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

REGULATORY OVERVIEW

As the holder of a General Builder Class 1 Licence, G-Tech Metal can undertake private sector contracts of unlimited value. The company's work scope under a General Builder Licence includes all general building works as well as the following minor specialist building works:

- (i) all specialist building works associated with minor specialist building works;
- (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than 3 metres, a clear span of less than 6 metres and a plan area not exceeding 150 square metres;
- (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site; and
- (iv) such other specialist building works as the Minister may, by notification in the Gazette, declare to be minor specialist building works.

In addition to the above minor specialist building works, a company with a General Builder Class 1 Licence may conduct all types of construction works, including all forms of specialist works if the project does not require checks from an accredited checker, but cannot undertake works that have been designated as specialist works to be carried out only by companies possessing a Specialist Builder Licence.

G-Tech Metal also holds a Specialist Builder (Structural Steelwork) Licence which allows the company to undertake private sector contracts in structural steelwork of unlimited value. The company's work scope under a Specialist Builder (Structural Steelwork) Licence includes:

- (i) fabrication of structural elements;
- (ii) erection work like site cutting, site welding and site bolting; and
- (iii) installation of steel supports for underground building works.

REGULATORY OVERVIEW

To qualify for the General Builder Class 1 Licence and the Specialist Builder (Structural Steelwork) Licence, the following conditions must be met by G-Tech Metal:

Class of Builders' Licence	Financial (Minimum paid-up capital)	Approved person ⁽⁵⁾		Technical controller ⁽⁶⁾	
		Course	Practical experience	Course	Practical experience
General Builder Class 1	S\$300,000	A course leading to a Bachelor's degree or post-graduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or post-graduate degree in a construction-related field ⁽⁷⁾	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
		OR			
		A course leading to a diploma in a construction-related field ⁽⁷⁾	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		
OR					
		A course conducted by BCA known as "Essential Knowledge in Construction Regulations & Management for Licensed Builders"	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

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Class of Builders' Licence	Financial (Minimum paid-up capital)	Approved person ⁽⁵⁾		Technical controller ⁽⁶⁾	
		Course	Practical experience	Course	Practical experience
Specialist Builder	S\$25,000	A course leading to a diploma in a construction-related field ⁽⁷⁾ , or a Bachelor's degree or post-graduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or post-graduate degree in field of civil or structural engineering from a recognised institution	At least 5 years (in aggregate) of practical experience in the execution of specialist building works of that class (whether in Singapore or elsewhere) after attaining the corresponding qualification

OR

A course conducted by BCA known as "Essential Knowledge in Construction Regulations & Management for Licensed Builders"	At least 8 years (in aggregate) of practical experience in the execution of construction projects in Singapore
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Notes:

- (5) The approved person is the appointed key personnel under whose charge and direction of the management of the business of the builder, in so far it relates to general building works or specialist building works in Singapore is to be at all times. The approved personnel shall be the sole-proprietor, partner, director or member of the board of management of the corporation. If an employee of a corporation is appointed as the approved person, he shall be employed in such a manner and with such similar duties and responsibilities of a director or member of its board of management. The approved person shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence. The approved person must not be acting, and for so long as he is the approved person for the company applying for the licence, as a technical controller for any company with or applying for a licence, the only exception being when the company is a sole proprietorship. The approved person must give his consent for carrying out the duties of an approved person for the applicant of the licence.
- (6) The technical controller(s) is/are the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the builder undertakes to be carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the corporation or an employee (being a person employed in such a manner and with such similar duties and responsibilities of a partner/director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a company whose license has been revoked in the 12 months preceding the date of application for the licence. The appointed technical controller must not be acting, for so long as he is the technical controller for the company applying for the licence, as a technical controller for any company with or applying for a licence. The technical controller must give his consent to carrying out the duties of a technical controller for the applicant of the licence.
- (7) "Construction-related field" means the field of architecture, civil or structural engineering, mechanical or electrical engineering, construction or project management, quantity surveying or building science, facilities or estate management.

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As at the Latest Practicable Date, G-Tech Metal satisfied the requirements of General Builder Class 1 Licence and Specialist Builder (Structural Steelwork) Licence above on approved person and technical controller. Mr. Ong Cheng Yew, our founder, chairman and Executive Director, who has more than 20 years of experience in the structural steelwork industry is the approved person of G-Tech Metal. Mr. Ong has obtained a certificate from BCA for successful completion of essential knowledge in construction regulations and management for licensed builders. Please refer to the section headed “Directors, senior management and employees — Executive Directors” on the background and profile of Mr. Ong. Mr. Chay Chun Yu, Leonard, our site engineer, who has more than 10 years of experience in the structural steelwork industry is the technical controller of G-Tech Metal. Mr. Chay Chun Yu, Leonard graduated from National University of Singapore with a degree of Bachelor of Engineering in civil engineering in 2005.

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

STRUCTURAL STEEL FABRICATORS ACCREDITATION

G-Tech Metal is also accredited as a Category S1 structural steel fabricator under the accreditation administered by the Singapore Structural Steel Society. Being under Category S1 means that the firm has the infrastructure, resources and capabilities to fabricate and erect structural steel structures of (1) building, industrial plant or portal structures of over 30 metres in height or (2) large span portal, bridges or truss work of over 30 metres. The criteria for being a Category S1 are a follow:

Criteria	Requirements	Further definitions
Total equity (net tangible assets)	S\$3,000,000	Based on latest audited financial statement
<i>Human resources</i>		
Engineer	5	At least one civil engineer to possess a recognised civil engineering degree; and The other qualifications includes other architectural, civil and mechanical engineering and building degrees, plus must be a registered qualified structural steel engineer
Supervisory	7	Possess civil, structural, architectural, building and mechanical diplomas, degrees and other certificates recognised by the Singapore Structural Steel Society

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Criteria	Requirements	Further definitions
<i>Skilled technical</i>		
1. Welder G3 and above	10	Possess minimum 3G level
2. Structural steel fitter	5	Possess skills evaluation certificate in structural steel fitting or other certificates recognised by the Singapore Structural Steel Society
<i>Track record</i>		
Tonnage (total of past 3 years)	5,000 tonnes from projects of S1 category	<p>Full tonnage is recognised if it is a main contract and the contract involve fabrication and erection;</p> <p>50% tonnage recognised if it is a main contract but involve either fabrication or erection; or subcontract and the contract involve fabrication and erection; and</p> <p>25% tonnage recognised if it is a subcontract and involve either fabrication or erection.</p>
<i>Facilities and equipment</i>		
Facilities	3,000 square metres of permanent covered facilities with hoisting facilities of at least one 10 tons gantry crane	
Equipment	2 cutting machines	CNC steel section sawing. Minimum 600W x 400H sawing area; or CNC steel plate cutting. Minimum 2400Q cutting area; or CNC profile machine
	1 drilling machine	CNC steel section drilling. Minimum 600W x 400H drilling area
	Full range of welding equipment and facilities	For shielded metal arc weld and flux cored arc welding
	Others	Forklifts and generators
<i>Quality and safety system</i>	ISO 9001 and OHSAS 18001	For the scope of fabrication and erection of structural steelworks

Building and Construction Industry Security of Payments

Under the BCISPA, which is regulated by the BCA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. In addition, the BCISPA, amongst others, endorses the following rights:

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

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

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

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

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

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

For further details, please refer to the section headed “Business — Key contract terms” of this prospectus.

Environmental Public Health Act (Chapter 95) of Singapore (“EPHA”)

EPHA requires, among others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance.

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

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

Employees

The Employment Act, Chapter 91 of Singapore (“**Employment Act**”) is the main legislation governing employment in Singapore. The Employment Act covers every employee who is under a contract of service with an employer and includes a workman (as defined under the Employment Act) but does not include, *inter alia*, any person employed in a managerial or executive position (subject to the exceptions set out below).

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

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

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

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Any person employed in a managerial or an executive position (who is generally not regarded as an employee under the Employment Act) who is in receipt of a salary not exceeding S\$2,500 shall be regarded as an employee for the purposes of provisions in the Employment Act relating to, *inter alia*, payment and computation of salaries, powers of the Commissioner for Labour in relation to claims, complaints and investigations into offences under the Employment Act and procedures and regulations governing claims and offences under the Employment Act.

Following the amendments to the Employment Act in effect from 1 April 2016, all employers must issue key employment terms (“**KETs**”) in writing to employees covered under the Employment Act. Such employees include employees who: (i) enter into a contract of service with the company on or after 1 April 2016; (ii) are covered by the Employment Act and (iii) are employed for 14 days of more in relation to the length of contract (does not apply to number of days of work).

KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime pay, leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

Employment of foreign workers in Singapore

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act, Chapter 91A of Singapore (the “**EFMA**”) and regulated by the MOM.

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

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

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The availability of the foreign workers to the construction and/or manufacturing industry is also regulated by the MOM through, among others, the following policy instruments:

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

Please refer to sections headed “Risk factors” and “Directors, senior management and employees — Employees” of this prospectus for further details.

Approved source countries

The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources (“NAS”). NTS countries include countries such as India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS countries include Hong Kong (holders of HKSAR passports), Macau, South Korea and Taiwan.

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

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

Requirements	Type of workers
Skills Evaluation Certificate (“SEC”) or Skills Evaluation Certificate (Knowledge) (“SEC(K)” ⁽⁸⁾), issued or accepted by the BCA	NTS countries and PRC under the PA (Type: New); NAS countries
Sijil Pelajaran Malaysia or its equivalents, the SEC or SEC(K)	Malaysia
Attend and pass full day Construction Safety Orientation Course (“CSOC”)	NTS countries, NAS countries, the PRC and Malaysia (All)
Pass medical examination by doctor registered in Singapore	NTS countries, NAS countries the PRC and Malaysia (All)

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

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

Foreign workers in the construction industry must take one of the following safety courses before their Work Permits can be issued: (1) Construction Safety Orientation Course (CSOC) or (2) Apply Workplace Safety and Health in Construction Sites. The CSOC is a two-day course conducted by various MOM accredited training centres. 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; (iii) ensure that they are aware of their rights and responsibilities under Singapore employment law; and (iv) familiarise with personal protective equipment. Employers must ensure that the foreign workers attend the course within two weeks of their arrival in Singapore before their work permits can be issued. At the end of the course, the workers will receive a safety orientation pass if they pass its requirement or assessment. Foreign workers who have failed the CSOC must retake the

Note:

(8) Both the SEC and SEC(K) schemes are initiatives by the BCA to raise skills, productivity and safety in the construction sector.

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CSOC as soon as possible. Employers who fail to ensure that their workers take and pass the CSOC will be barred from applying for any new work permits for three months, while the affected workers will have their work permits revoked.

Security bonds and levies

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

For the construction sector, employers pay the requisite levy according to the qualification of the foreign workers employed. The levy rates for 2017 are subject to changes as and when announced by the Singapore government.

Worker category	Monthly levy rate (S\$) (current)	Monthly levy rate (S\$) (from 1 July 2017)
Higher skilled and on MYE (see below for more details on MYE)	300	300
Basic skilled and on MYE	650	700
Higher skilled, experienced and MYE waiver ⁽⁹⁾	600	600
Basic skilled, experienced and MYE waiver ⁽⁹⁾	950	950

Dependency ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore permanent resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers. However, the quota does not apply to higher-skilled foreign employees who would qualify for an employment pass.

As at the Latest Practicable Date, our Group had a total of 19 full-time local workers and 95 foreign workers (excluding 5 employment pass holders). Based on the dependency ceiling ratio, the maximum number of foreign workers the Group can hire is 133, which means that we have headroom for 38 additional foreign workers as at the Latest Practicable Date.

Note:

- (9) To qualify for MYE waiver, the foreign workers must have at least two years of working experience in Singapore which is relevant to the construction sector.

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Minimum percentage of Higher-Skilled (R1) workers

From 1 January 2017, at least 10% of a company's construction work permit holders must be Higher-Skilled (R1) before any new Basic-Skilled (R2) construction workers may be hired. Renewals will not be affected. This is tracked based on a 12-week rolling average. From 1 January 2018, companies that do not meet the 10% R1 minimum will not only not be able to hire new R2 construction workers but will also not be able to renew the work permits of R2 construction workers. From 1 January 2019, companies that do not meet the 10% R1 minimum will not be able to hire or renew R2 construction workers and will also have the work permits of any excess R2 construction workers revoked.

As at the Latest Practicable Date, our Group had a total of 72 construction work permit Holders, of which 19 were Higher-Skilled (R1) construction workers and 53 were Basic-Skilled (R2) construction workers. Based on the 10% R1 minimum, the maximum additional number of Basic-Skilled (R2) construction workers our Group can hire is 118. However, as our Group is subject to the dependency ceiling ratio for the construction industry, we can only hire 38 additional Basic Skilled (R2) construction workers as at the Latest Practicable Date.

Man year entitlements (“MYE”)

MYE is a work permit allocation system for employment of construction workers from NTS countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYE. One man-year is equivalent to one year's employment under a work permit. All levels of subcontractors are required to obtain their MYE allocation from their main contractors. A main contractor's MYE will expire on the completion date of the relevant project. NTS or PRC construction workers who have worked with any employer for a cumulative period of two or more years in the construction industry, may be hired by main contractors without the need for MYE.

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

- that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- providing safe working conditions for their foreign workers; and

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

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

- the Employment Act, as further discussed above; and
- the Immigration Act, Chapter 133 of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Female employees

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

Immigration Act

Pursuant to the Immigration Act (Cap. 133), no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, *inter alia*, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, *inter alia*, a valid work pass issued by the Controller of Work Passes under the EFMA and the regulations issued pursuant to the EFMA, including *inter alia*, work permits (including a training work permit), S-passes and employment passes. A work pass may be in the form of a card or in an endorsement made in the passport or other travel document of the work pass holder or in such other form as the Controller of Work Passes may determine.

Housing of foreign workers

The operation of foreign workers' dormitories has to comply with applicable laws and regulations, including but not limited to the Building Control Act, Chapter 29 of Singapore, the Control of Vectors and Pesticides Act Chapter 59 of Singapore, the Environmental Public Health Act, Chapter 95 of Singapore, the Fire Safety Act, Chapter 109A of

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Singapore, the Planning Act, Chapter 232 of Singapore and the Foreign Employee Dormitories Act 2015 (No. 3 of 2015) (in the case of dormitories housing 1,000 or more foreign workers).

The Urban Redevelopment Authority (“URA”) grants planning permission for the operation of, *inter alia*, auxiliary workers’ dormitories by an applicant subject to, *inter alia*, the applicant obtaining prior clearances from the relevant authorities and the consent of the relevant landowner. The number of workers can be housed in the workers’ dormitory will be subject to the technical requirements of the relevant authorities such as Land Transport Authority, Public Utilities Board, National Environmental Agency and compliance with, *inter alia*, the relevant fire safety regulations, prevailing living space standards and amenity provision guidelines for workers’ dormitories, subject to the use not causing any amenity problems.

We have obtained a grant of written permission (temporary) (the “URA Approval”) from the URA of Singapore to provide auxiliary workers’ dormitories at our premises at 64 Woodlands Industrial Park E9, Singapore 757833. The URA Approval allows for a maximum of 138 workers to be housed at the premises, and such approval is valid until 4 July 2018.

Workplace safety and health safety measures

Under the Workplace Safety and Health Act, Chapter 354A of Singapore (“WSHA”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

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

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

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

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

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

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

Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also implemented a demerit points system for the construction sector. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. Under the single-stage Demerit Point System (DPS) for the construction industry, the number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger

REGULATORY OVERVIEW

debarment for the contractor. Applications from the company for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment.

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

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

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

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

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

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**Factories Regulations**”), any person who desires to occupy or use any premises as a factory falling within any of the classes prescribed under the First Schedule of the Factories Regulations is required to register the premises as a factory with the Commissioner for Workplace Safety and Health (“**Commissioner**”), while any person who desires to use or occupy any premises as a factory not falling within such classes shall only be required to submit a notification in the prescribed form to the Commissioner before the commencement of operation of the factory. In the latter case, the occupier of the factory is required to inform the Commissioner, *inter alia*, of any changes in any of the particulars of the factory, type of work carried out in the factory or any cessation of occupation or use of the factory.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, the employer in a workplace is supposed to, *inter alia*, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonably practicable steps to eliminate or minimise foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than 3 years, and submit such records to the Commissioner from time to time when required by the Commissioner.

Please refer to section headed “Business — Quality, environmental and occupational health and safety management system” in this prospectus.

Workmen's compensation

The Work Injury Compensation Act, Chapter 354 of Singapore (“WICA”), which is regulated by the MOM, applies to employees who are engaged under a contract of service or apprenticeship, regardless of their level of earnings. The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

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

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

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

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

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

Central Provident Fund Act

The Central Provident Fund (“CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Cap. 36) (the “CPF Act”), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes,

REGULATORY OVERVIEW

S-passes or work permits. CPF contributions are required for both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution at the end of each month with a grace period of 14 days. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

Special Employment Credit (“SEC”)

The SEC was introduced in Budget 2011 by the Singapore Government to support employers and to raise the employability of older Singaporeans. From 2012 to 2016, employers who hire Singaporean employees aged above 50 earning up to S\$4,000 per month receive SEC of up to 8% of the employee's monthly wages. As announced at Budget 2016, the SEC will be extended for three years (2017 to 2019) to continue providing a wage-offset tiered by age to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 per month. An additional wage offset of up to 3% of any employee's monthly wages was introduced since 1 January 2015 to encourage employers to voluntarily re-employ Singaporeans aged 65 (“Additional Special Employment Credit”). As announced at Budget 2017, MOM will raise the re-employment age from 65 to 67 years with effect from 1 July 2017 and the Additional Special Employment Credit will be extended until end of 2019.

In addition, the SEC has also been extended to employers that hire persons with disabilities of all ages in 2012. The SEC for persons with disabilities is set at 16% of the employee's monthly income. Further, employers of older persons with disabilities aged 65 and above who would not be covered by the new re-employment age of 67, i.e. individuals born before 1 July 1952 and those above age 67 on 1 July 2017, will receive a further SEC enhancement of up to 6%.

During the Track Record Period, we received special employment credits granted under the SEC, which is recognised in our other income in our financial statements. Please refer to the section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income” of this prospectus for further information.

Temporary Employment Credit (“TEC”)

The TEC was introduced in Budget 2014 by the Singapore Government under which employers received a one-year offset of 0.5% of wages of Singaporean and Singapore permanent residents employees in 2015. As announced in Budget 2015, the TEC was raised to 1% (additional 0.5% on top of the original TEC) of wages in 2015 and extended for two years (2016 to 2017) to help companies adjust to the cost increases associated with 1% increase in employer CPF contribution rates for older workers and increase in the CPF salary ceiling. TEC for 2016 was 1% while TEC for 2017 is 0.5% of the wages of Singaporean and Singapore permanent residents employees. TEC payments will be made based on CPF contributions paid to eligible employees.

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During the Track Record Period, we received temporary employment credits granted under the TEC, which is recognised in our other income in our financial statements. Please refer to the section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income” of this prospectus for further information.

Personal Data Protection Act (2012) (the “PDPA”)

The main data protection rules in the PDPA came into full effect on 2 July 2014. The PDPA governs the collection, use and disclosure of personal data by organisations in a manner that recognizes both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider appropriate in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified (a) from that data; or (b) from that data and other information to which the organisation has, or is likely to have access. Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals (“**relevant persons**”): obligations of obtaining consent, giving notification and access and correction rights to the relevant persons, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected, ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.

Company laws and regulations

G-Tech Metal, which is a wholly-owned subsidiary of our Company, is a private company limited by shares, incorporated and governed under the provisions of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and its regulations.

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

In addition, members of a company are subject to, and bound by the provisions of the Constitution of the company. The Constitution of a company provides for, *inter alia*, the objects of the company, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as the rights and privileges attached to the different classes of shares of the company (if applicable).

REGULATORY OVERVIEW

Singapore taxation

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment (“YA”) 2010. In addition, the partial tax exemption scheme applies on the first S\$300,000 of normal chargeable income; and specifically 75% of up to the first S\$10,000 of a company’s normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies will be granted a corporate income tax rebate of 50% of the tax payable for YA2016 to YA2017, subject to a cap of S\$20,000 for YA2016 and S\$25,000 for YA2017. For YA2018, companies will be granted a corporate income tax rebate of 20%, subject to a cap of S\$10,000. The corporate income tax rebate will be extended to YA2018 at a rate of 20% of the payable, subject to a cap of S\$10,000.

Dividend distributions

(i) One tier corporate taxation system

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

(ii) Withholding taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders. Foreign shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective home countries/countries of residence and the applicability of any double taxation agreement which the relevant tax jurisdiction may have with Singapore.

Productivity and Innovation Credit Scheme

The Productivity and Innovation Credit Scheme (“**PIC Scheme**”) allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances and/or (ii) cash payouts, and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Further conditions apply before a company is eligible to make each of such claims, including having to invest in relevant qualifying expenditure and (in the case of the cash payouts and the cash bonuses) meeting the minimum 3 local employees requirement and (in the case of cash bonuses) investment the minimum qualifying expenditure per year of assessment over the course of 3 years from year of assessment 2013 to 2015. The PIC Scheme has been extended for another 3 years from year of assessment 2016 to 2018. The

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PIC Scheme allows 400% tax deductions on up to S\$400,000 of expenditure per year for qualifying expenditure incurred from the years of assessment 2011 to 2018. PIC+ scheme is available for qualifying small and medium enterprises (“SMEs”) from years of assessment 2015 to 2018 (“PIC+ Scheme”). G-Tech Metal also falls under the PIC+ Scheme. Under the PIC+ Scheme, the expenditure cap for qualifying SMEs will be increased from S\$400,000 to S\$600,000 for each qualifying activity per year of assessment. The combined amount of qualifying expenditure under PIC+ scheme for the years of assessment 2016 to 2018 is capped at S\$1.8 million whereby qualifying small and medium-sized enterprise can enjoy tax deductions/allowances of up to S\$7.2 million (400% on qualifying expenditure of S\$1.8 million) in the said years of assessment. PIC cash payout refers to the option of converting qualifying expenditure of up to S\$100,000 for each year of assessment into cash. Businesses which invest a minimum of S\$5,000 per year of assessment in qualifying PIC activities will receive a dollar for dollar matching cash bonus of up to S\$15,000 subject to certain conditions (“PIC Bonus”). The PIC Bonus has expired in year of assessment 2015.

During the Track Record Period, we claimed tax deductions under the PIC+ Scheme, which led to lower effective tax rate for the two years ended 31 December 2016. The qualifying conditions to claim tax deductions are as follows: (i) the company carries on active business operations in Singapore; and (ii) the company has incurred qualifying expenditure (capital expenditure incurred on the acquisition of PIC IT and automation equipment) and is entitled to PIC during the basis period of qualifying year of assessment. Please refer to the section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Income tax expense” of this prospectus for further information.

Goods and Services Tax (“GST”)

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

HISTORY AND DEVELOPMENT

We have over 13 years of experience in the structural steelworks industry in Singapore. On 4 June 2003, G-Tech Metal was incorporated as a private limited company which was then owned as to 40% by Mr. Ong and 60% owned by an Independent Third Party.

Subsequent to the commencement of its business in 2003 and prior to 2008, G-Tech Metal's projects were mainly structural steelworks for low-rise buildings such as single storey factories and additions and alteration works to external façade or existing low-rise buildings. Gradually, we started to build our reputation and track record in the structural steelwork industry which subsequently enabled us to secure our first high-rise commercial building project in 2008 to fabricate and install structural steelworks for addition and alteration works with a contract value of approximately S\$1.3 million. In 2015, we secured an industrial building project to supply, fabricate and install structural steelworks for technological plants of a multinational corporation in Singapore with a contract value of approximately S\$25.8 million, the highest contract value secured by us.

As at 31 December 2016, our resources have grown to, among others, four CNC cutting machines, two CNC drilling machines, 31 welding machines, eight overhead cranes, and fifteen lifting machines with staff strength of over 100 employees. We occupy two factories at Woodlands Industrial Park, spanning approximately 17,000 square feet and 43,000 square feet respectively with an aggregate annual production capacity of approximately 4,600 tons of steel fabrication.

Key milestones of our Group

The following table sets forth major development milestones of our Group:

Date	Milestones
March 2007	We obtained an industrial building project to supply, fabricate and install structural steelworks for 3/4 storey biological plant with ancillaries with a contract value of S\$0.7 million.
January 2008	We obtained our first high-rise commercial building project to fabricate and install structural steelworks for addition and alteration works with a contract value of approximately S\$1.3 million.
June 2009	We obtained the Specialist Builder (Structural Steelwork) licence under the Builders Licensing Scheme.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Date	Milestones
September 2009	We first obtained ISO 9001:2008 and OHSAS 18001:2007 certifications for conformance to the quality management systems and workplace safety management system covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines.
June 2010	We obtained an industrial building project to supply, fabricate and install structural steelworks for a test facility and control building with a contract value of S\$4.0 million.
September 2010	We first obtained ISO 14001:2004 certification for conformance to the environmental management system covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines.
March 2011	We obtained an industrial building project to design, supply, deliver, install and conduct on-site testing and commissioning of ducting, expansion compensator and damper for flue gas upgrading works for an incineration plant with a contract value of S\$2.7 million.
October 2012	We obtained an industrial building project to supply, fabricate and install structural steelworks for an engine test facility and control building with a contract value of approximately S\$3.3 million.
December 2012	We obtained an industrial building project to design, supply, fabricate and install structural steelworks for a factory cum office building with a contract value of S\$4.5 million.
May 2014	We obtained a residential building project to design, supply, delivery to site, installation, testing and commissioning structural steel and lift glass shaft works for a condominium with a contract value of S\$2.2 million.
March 2015	We obtained an industrial building project to supply, fabricate, delivery to site, install and test the structural steelworks for a manufacturing plant in advanced technology with a contract value of approximately S\$25.8 million.
April 2015	We obtained a government institution building project to supply, fabricate and install structural steelworks for a school with a contract value of approximately S\$1.0 million.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Date	Milestones
July 2015	We obtained the GB1 (General Builder Class 1) licence under the Builders Licensing Scheme.
August 2015	We were accredited as a structural steel fabricator for category S1 by the Singapore Structural Steel Society.
October 2015	We were upgraded to grade C1 under the construction workhead CW01 (General Building) under the Contractors Registration System.
April 2016	We obtained an industrial building project to supply, fabricate and install structural steelworks for a factory with a contract value of approximately S\$2.5 million.

Our corporate development

As at the Latest Practicable Date, our Company had established one investment holding company and one operating subsidiary to carry on our business. The corporate development of our operating subsidiary is set out below.

G-Tech Metal

Upon incorporation on 4 June 2003, G-Tech Metal was owned as to 40% by Mr. Ong and 60% by an Independent Third Party. On 8 July 2014, Mr. Ong acquired the shares from the other shareholders and since then, G-Tech Metal has been and is wholly-owned by Mr. Ong.

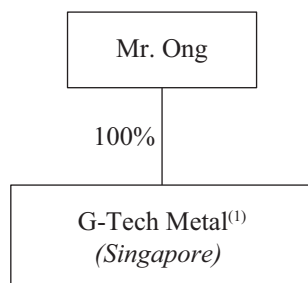
On 21 June 2017, pursuant to the Reorganisation, G-Tech Metal became an indirect wholly-owned subsidiary of our Company held through Chirton Investments. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in this section of the prospectus. The abovementioned transfers had been properly and legally completed and settled.

REORGANISATION

In June 2017, we commenced the Reorganisation for the Listing pursuant to which our Company became the holding company of our Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The shareholding structure of our Group, immediately prior to the implementation of the Reorganisation, is illustrated below:



Note:

- (1) As at the Latest Practicable Date, the issued and paid-up share capital of G-Tech Metal is S\$3,000,000 comprised 3,000,000 shares of S\$1 each and the sole director of G-Tech Metal is Mr. Ong. G-Tech Metal is our main operating subsidiary undertaking the principal activity of design, supply, fabrication and erection of structural steelworks.

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

(i) Incorporation of Broadville, Chirton Investments and our Company

On 22 December 2016, Broadville was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1, of which one fully paid share had been allotted and issued at par to Mr. Ong on 17 January 2017.

On 28 November 2016, Chirton Investments was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1, of which one fully paid share had been allotted and issued at par to Broadville on 17 January 2017.

On 1 February 2017, our Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law and the initial one nil-paid subscriber share (the “**Incorporation Share**”) was issued to the initial subscriber on the date of incorporation and was transferred to Broadville at nil consideration on the same day. The authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each at the time of incorporation.

(ii) Acquisition of G-Tech Metal

On 16 June 2017, Mr. Ong transferred the entire issued share capital of G-Tech Metal to Chirton Investments for a consideration which was settled by allotting and issuing one new share in Chirton Investments, credited as fully paid, to Broadville at the direction of Mr. Ong.

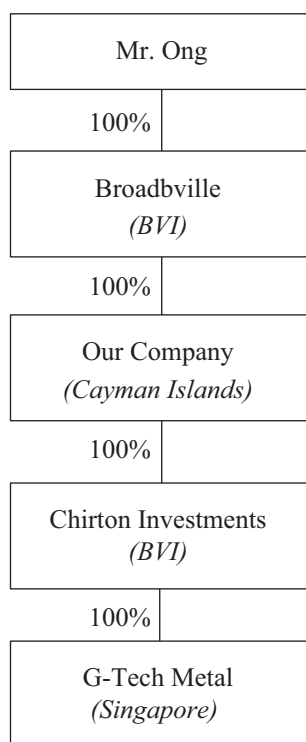
HISTORY, REORGANISATION AND GROUP STRUCTURE

On 21 June 2017, Broadbville transferred the entire issued share capital of Chirton Investments to our Company, in consideration of our Company allotted and issued 9,999 new Shares, credited as fully paid at par to Broadbville, and credited as fully paid of the nil-paid Incorporation Share. After completion of the above transactions, G-Tech Metal became an indirect wholly-owned subsidiary of our Company.

Based on the foregoing arrangements as agreed by the parties, the acquisition of G-Tech Metal by our Company was properly and legally completed and settled.

Our Directors confirm that the change of shareholdings in G-Tech Metal, under the Reorganisation would not require any approval or permit from any relevant government authorities in Singapore.

The following diagram sets forth our shareholding structure immediately after the completion of the Reorganisation but before the Listing:



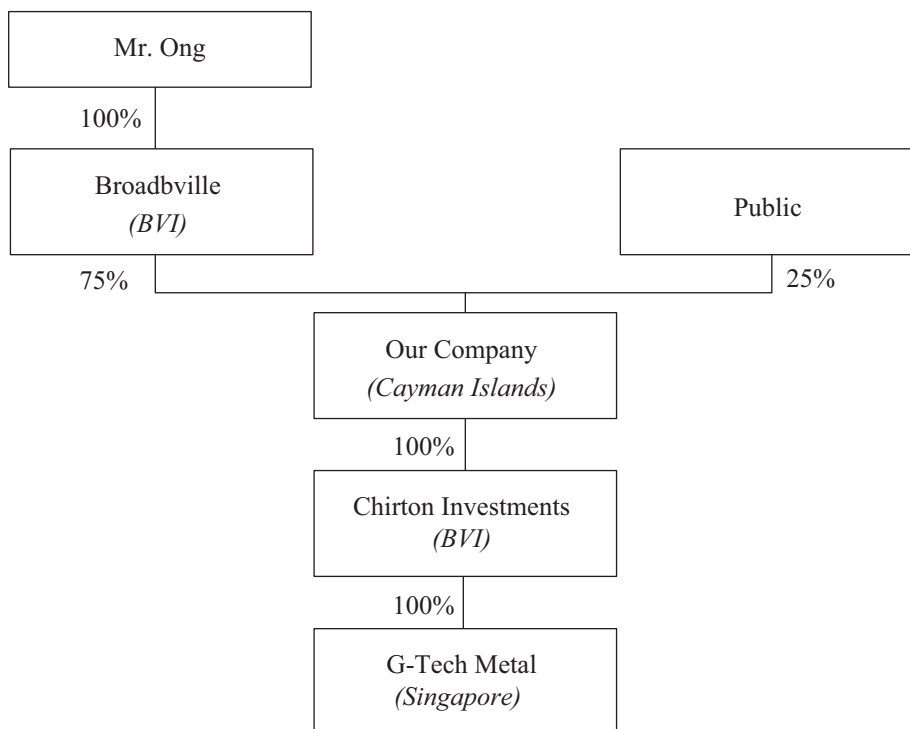
(iii) Capitalisation Issue and Share Offer

Conditional upon the creation of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK\$3,599,900 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 359,990,000 Shares for allotment and issue to the then existing Shareholder(s).

HISTORY, REORGANISATION AND GROUP STRUCTURE

GROUP STRUCTURE

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



REASONS FOR LISTING

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it (i) will allow our Group to raise funds from capital market; (ii) may enable our Group to achieve a higher valuation; and (iii) increase the profile of our Group on an international level. Our Executive Directors had considered and evaluated different listing venues including Hong Kong and Singapore and have concluded that pursuing a listing in Hong Kong is beneficial due to the following:

(i) Capital market funding

The net cash position of our Group as at 31 May 2017 was approximately S\$1.1 million and our net cash used in operating activities for the year ended 31 December 2016 was approximately S\$2.2 million, averaging approximately S\$0.2 million per month. We consider that capital market funding is an appropriate alternative to debt financing, with the possibility of secondary fund raising.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Our Executive Directors consider that the level of trading activities on a stock exchange is one of the main indicators for the ease of conducting secondary fund raising exercises after listing. Comparing Hong Kong and Singapore, the average daily turnover of stocks in Hong Kong was approximately HK\$105.6 billion (S\$19.2 billion) and HK\$66.9 billion (S\$12.2 billion) for the two years ended 31 December 2016 respectively versus approximately HK\$6.1 billion (S\$1.1 billion) and HK\$6.1 billion (S\$1.1 billion) for Singapore for the two years ended 31 December 2016 respectively. Given the higher liquidity of the Hong Kong stock market as compared to the Singapore stock market, our Executive Directors are of the view that it would be easier to conduct secondary fund raising in the Hong Kong stock market, if necessary, for our further expansion in future.

(ii) Higher valuation in Hong Kong

Our Executive Directors consider there is a higher chance for our Company to achieve a higher valuation if our listing is to be conducted through the Hong Kong stock market rather than the Singapore stock market given the valuation of companies listed in Hong Kong is generally higher than those listed in Singapore. According to data retrieved from Bloomberg, the average price earnings ratio of the companies listed on the Stock Exchange in Hong Kong and those listed on Singapore stock exchange was approximately 33.6 times and 20.2 times respectively as at Latest Practicable Date. In addition, the average price-earnings ratio for all companies, which fall within the construction and engineering category, listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock exchange as at Latest Practicable Date was approximately 94.7 times and 12.1 times respectively.

(iii) Raise our Group's profile

Another reason for our Company applying for listing in Hong Kong is because our Executive Directors consider the Hong Kong stock market has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Our Executive Directors believe that listing in Hong Kong would help to raise our Group's brand awareness and publicity on an international level, making our Company's services known to new potential local and international customers. Furthermore, our projects are secured via a tender process and our Executive Directors are of the view that established owners and main contractors will view subcontractors with a listing status more favourably, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance. Customers which have regional or global presence, or regional projects on hand, may also appreciate subcontractors with resources to undertake such regional projects for them.

Having considered all of the above, our Executive Directors decided to apply for a listing in Hong Kong.

HISTORY, REORGANISATION AND GROUP STRUCTURE

NO LISTING APPLICATION MADE IN SINGAPORE

Our Executive Directors confirmed that we have not applied for listing in Singapore and to the best of their knowledge and belief, there would have been no impediments to our listing application if we were to apply for listing on the Catalist of the Singapore Exchange Securities Trading Limited.

OVERVIEW

We design, supply, fabricate and erect structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore starting from 2003. Our experienced management team under the leadership of our founder, Mr. Ong Cheng Yew contributed to the successful growth of our Group which currently occupies two leased factories at Woodlands Industrial Park spanning approximately 17,000 square feet and 43,000 square feet respectively with an aggregate maximum annual production capacity of approximately 4,600 tons of steel fabrication.

During the Track Record Period, our Group had completed 31 structural steelworks projects with the highest contract value completed being approximately S\$25.8 million for technological plants of a multinational corporation in Singapore. Our total revenue for the two years ended 31 December 2016 was approximately S\$36.0 million and S\$22.0 million respectively.

All projects that contributed to our revenue during the Track Record Period were from private customers.

Our Group holds a GB1 Licence issued by BCA which enables us to undertake contracts for general building works. In addition, our Group also holds the Specialist Builder (Structural Steelwork) Licence issued by BCA which enables us to carry out specialist structural steelwork. Further, our Group is an accredited steel fabricator of the Singapore Structural Steel Society for category S1 which means that we possess the infrastructure, resources and capabilities to fabricate and erect structural steel structures of (i) building, industrial plant or portal structures of over 30 metres in height and (ii) large span portal, bridges and truss work of over 30 metres. We also obtained bizSAFE Level Star, ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines.

OUR BUSINESS MODEL

Our principal business activities

Our principal business activity is the design, supply, fabrication and erection of structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore. For some of our structural steelworks projects, we also provide machine installation and auxiliary services. Our steel structures such as I-beams, H-beams, trusses, pillar support and steel gratings for platforms are pre-fabricated at our premises, which are subsequently erected at the project site as a foundation for building structures. Presently, we occupy two leased factories at Woodlands Industrial Park spanning approximately 17,000 square feet and 43,000 square feet respectively with an aggregate maximum annual production capacity of 4,600 tons of steel fabrication.

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Structural steel has numerous advantages over alternatives in building design and development. Compared with concrete, steel offers a less labour-intensive, faster rate of construction, a better strength to volume ratio as well as flexibility in design. Further, BCA is pursuing a program of green buildings with a target of having 80% of the buildings in Singapore to be designated “green” which include minimising the use of concrete in buildings by 2030. Hence, steel is increasingly the material of choice for the construction of buildings.

Our total revenue for the two years ended 31 December 2016 was approximately S\$36.0 million and S\$22.0 million, generated mainly from 21 projects and 29 projects respectively. As at 31 December 2016, the contract sum of approximately S\$17.0 million is the aggregate amount of 11 ongoing projects of which approximately S\$11.3 million has been recognised as revenue. The remaining balance of approximately S\$5.7 million is expected to be recognised as our revenue for the year ending 31 December 2017.

FABRICATION

Fabrication facilities and equipment

As at the Latest Practicable Date, our two leased fabrication facilities are located at 64 Woodlands Industrial Park E9, Singapore 757833 and 110 Woodlands Industrial Park E3, Singapore 757842, with an approximately site area of 43,000 square feet and 17,000 square feet respectively. Our structural steel fabrication works are dependent on our projects and our fabrication capacity is limited by the fabrication premises floor area, type of machine and manpower and we determine our utilisation rates based on the estimated actual structural steel fabrication works performed.

The following table sets out further information of our major equipment currently in use and owned by us as at 31 December 2016. We do not make use of rented equipment for the fabrication of our steelworks, and only rent machineries such as fork lifts and scissor lifts and transport machineries such as lorry cranes.

Type of equipment	Number of units	Countries of origin	Function and usage	Average approximate age <i>(approximate year)</i>	Average remaining useful life <i>(approximate year)</i>	Average replacement cost <i>SS'000</i>
CNC drilling machines	2	China	High-speed drilling machines for large quantity of steel	1.8	3.3	136
CNC cutting machines	4	China and Japan	High-speed steel cutting machines for large quantity of steel	2.6	2.4	4.9
Drilling machines such as magnetic core drills and pillar drills	17	China, Japan and Germany	Drilling holes through metals with higher precision	2.6	2.7	3

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Type of equipment	Number of units	Countries of origin	Function and usage	Average approximate age <i>(approximate year)</i>	Average remaining useful life <i>(approximate year)</i>	Average replacement cost <i>SS'000</i>
Cutting machines such as bandsaws, saw blades machines, profile gas cutting machines	8	China	Cutting metals	4.2	1.4	6
Punching machines such as hydraulic puncher and press brake	4	China, Japan and the USA	Punch holes through metals	4.9	1.4	24
Welding machines such as multi welder machines	31	China, Japan, Singapore and Taiwan	To join metal parts	3.7	1.6	7
Lifting machines such as lifting clamps, boom lifts, forklifts, scissor lifts	15	Canada, Japan, Holland and Singapore	Lift and transport heavy and bulky materials	4.6	1.1	18
Overhead cranes such as single girder cranes	8	Finland, Norway and Singapore	To move extremely heavy or bulky loads through the overhead space	2.3	3.1	40

As per the applicable accounting policies adopted by our Group, depreciation of our equipments are calculated using the straight line method to allocate their costs to their residual values over their estimated useful lives, which is five years. The residual values, useful lives and depreciation methods of the equipment are reviewed and adjusted if appropriate, at each reporting date.

We do not have a fixed replacement cycle policy. Our equipment, when maintained properly, can be used over ten years. Maintenance and repair works of our equipment is generally conducted on a monthly basis. The average schedule downtime for maintenance and repair was up to two days per month. There is therefore no pre-determined period of use for our equipment but instead assess based on wear-and-tear of individual equipment.

Utilisation rate

The utilisation rate of our combined leased fabrication facilities during the Track Record Period is as follows:

	Year ended 31 December 2015	Year ended 31 December 2016
Annual production capacity ⁽¹⁾ (tonnes)	4,600	4,600
Average annual utilisation rate ⁽²⁾ (%)	94.3	82.4

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Notes:

- (1) The annual production capacity of our combined leased fabrication facilities was measured in tonnes based on the production floor area and production workers assuming that our fabrication facilities operate for 10 hours per day and 312 days per year. The annual capacity per square foot was assumed to be 0.12 tonnes.
- (2) The utilisation rate of our fabrication facilities in each financial year was calculated by dividing the total actual output for the whole of the financial year by the annual production capacity.

The average utilisation rate for our fabrication facilities were approximately 94.3% and 82.4% for the two years ended 31 December 2016 respectively. The higher utilisation rate in 2015 was mainly due to a project from Customer A whose contract awarded to us of approximately S\$25.8 million contributed approximately S\$21.9 million, or approximately 61.0% of total revenue for the year ended 31 December 2015.

COMPETITIVE STRENGTHS

Our Directors believe that our Group's competitive strengths set out below have driven growth in our business and financial performance.

We have a reputation as an established structural steelwork specialist in Singapore, with a track record of providing reliable structural steelworks in a timely and efficient manner

We are an established structural steelwork specialist in Singapore. Our track record in the structural steelwork industry includes being awarded an industrial building project in 2015 to supply, fabricate, deliver to site, install and test the structural steelworks for technological plants of a multinational corporation in Singapore with a contract value of approximately S\$25.8 million, the highest contract value secured by us. We believe that our ability to complete projects in a timely and efficient manner have contributed to our reputation and track record.

Our experienced project department, overseen by our project director, Mr. Chelliah Thennavan who has more than 20 years of relevant experience and capable of handling large-scale projects, including analyses in tenders for potential projects, allows us to evaluate a project's specifications, resource needs and level of difficulty accurately and carried it out on a timely and reliable basis. We also establish good rapport with our customers, via close communication with their management and supervisory teams. We believe our Group's long-term presence in the industry gives our customers an overall confidence in our ability to complete quality works in a timely and efficient manner.

We are focused on value-engineering solutions

Our design team is able to propose design solutions to our customers to reduce their overall project cost and construction lead-time. Although the construction drawings from our customers ("Issued For Construction" or "IFC" drawings) have stated the architectural design and construction, our design team is able to propose design solutions for the structural steelworks to achieve the requirements in the IFC drawings. Furthermore, our engineering team provides engineering solutions such as a more efficient methodology for

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structural steelwork installation or mobility of pre-fabricated steel structures on project site. This value-engineering focus has enabled us to take on more complex and larger projects.

Our engineering department, overseen by our project director comprised five team members with an average year of relevant experience of approximately nine years. The department is also well-equipped with computer-aided designed equipment and detailing software which enable us to create detailed, constructible three-dimensional model of any steel structure to plan the fabrication and erection works efficiently. In this respect, we are able to propose a more efficient design to our customers to save the overall cost and duration of the project while maintaining our profitability.

We have our own fabrication facilities in Singapore with a combined annual production capacity of approximately 4,600 tonnes together with four computer numerical controlled (“CNC”) steel cutting machines, two CNC drilling machines, full range of welding equipment, overhead cranes and lifting machinery.

We have our own fabrication facilities located in Singapore where we also have our head office. With a current combined annual production capacity of approximately 4,600 tonnes together with four CNC steel cutting machines, two CNC drilling machines, full range of welding equipment and lifting machinery, we are able to provide quality steelworks efficiently, be more responsive to customers’ needs, exercise more control over the quality of the structural steel products and to ultimately ensure timely delivery of the projects. Please refer to the section headed “Business — Fabrication” in this prospectus for details of our fabrication facilities and equipment.

We have an experienced and dedicated management team and our founder, chairman and Executive Director, Mr. Ong has over 20 years of experience in the structural steelwork industry.

Our founder, chairman and Executive Director, Mr. Ong has over 20 years of experience in the structural steelwork industry and our Directors believe that the combination of our strong management expertise and knowledge of the industry, together with our qualified employees to complete projects reliably and timely, have been and will continue to be our Group’s valuable assets. Our Executive Directors are supported by experienced senior management team, our project director, Mr. Chelliah Thennavan and our operation director, Mr. Wee Hian Yeong each has over 20 years of industry experience, respectively. 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.

BUSINESS OBJECTIVES AND STRATEGIES**Objectives**

Our mission is to deliver quality products and services in structural steelworks for the construction industry on a timely and reliable basis to meet customers, safety and regulatory requirements. Our corporate objective is to achieve sustainable growth in our business and financial performance so as to create long-term shareholder's value. We intend to achieve this by implementing the following corporate strategies.

Strategies

Expand and strengthen our market position in the structural steelwork industry in Singapore, through the expansion of our production capacity and workforce

We have a proven track record in several noteworthy projects, where in 2015, we secured an industrial building project to supply, fabricate, deliver to site, install and test the structural steelworks for technological plants of a multinational corporation in Singapore with a contract value of approximately S\$25.8 million. Moreover, our utilisation rates were approximately 94.3% and 82.4% for the two years ended 31 December 2016 respectively. As such, we intend to expand our fabrication capacity to secure more jobs as well as to strengthen our market position in the structural steelwork industry in Singapore. We intend to set up another fabrication facility of approximately 60,000 square feet with an expected annual production capacity of approximately 4,600 tonnes. Moreover, we intend for the new fabrication facility to be renovated to customise to our production flow and to explore ways to reduce its environmental impact, such as through the installation of solar panels and systems that reduce energy consumption. We would source for a facility located in the same (northern) region of Singapore as our current premise. As at the Latest Practicable Date, we are still in the process of identifying suitable sites for our proposed fabrication facility and are unable to determine a commencement and completion date for the construction of such facility.

For our expansion, we will make further capital investments in steel fabrication machineries such as welding machines, drilling machines, cutting machines and rolling machine and lifting/transport machineries. These machineries will not be eligible for tax deductions under the Productivity and Innovation Credit Scheme as we have already fully claimed in year assessment 2016 and year assessment 2017 for the tax deductions on the amount of qualifying expenditure which is capped at S\$1.8 million for years of assessment 2016 to 2018 (in aggregate) which translates to a maximum tax deductible of S\$7.2 million under PIC+ Scheme. We will also seek to expand our workforce in terms of staff strength in the project department, contract department, quality control, safety and skilled workers.

Our Executive Directors consider that it would be strategic to have our owned facility mainly due to the following reasons:

- (i) to cater for future growth and offer more stability as it would eliminate the risk of not being able to renew the current lease and of increasing rental costs. We have experienced an instance in June 2008 whereby our then existing lease could not be

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renewed on terms that were acceptable to us, as the rental then was requested by the landlord to be increased by approximately 50.0%. The historical rental index, adjusted for inflation, presented with 2013 as base year, is as follow:

Year	Historical rental index⁽¹⁾
2013	100
2014	111
2015	115
2016	111

Notes:

- (1) The historical rental rates used was with reference to our leased property at 110 Woodlands Industrial Park E3, Singapore 757842, our other leased property at 64 Woodlands Industrial Park E9, Singapore 757833 was only leased since 1 July 2014.
 - (2) The inflation rates from 2013 to 2016 had a compounded annual growth of approximately 1.1% calculated based on the yearly core inflation compiled by the Monetary Authority of Singapore.
- (ii) industrial properties will likely continue to hold or not lose significant value in land scarce Singapore, hence owning our own facility also serves as a relatively low risk investment for our Group. The industrial property price index applicable to our category of planned facility purchase is as follow:

Year	Historical price index⁽¹⁾
2013	103.5
2014	108.2
2015	107.0
2016	101.2

Note:

- (1) The figures were calculated based on price indices of multiple-user factory space obtained from the quarterly market report on industrial properties by JTC Corporation, a Singapore Government agency responsible for the development of industrial infrastructure in Singapore.

Based on the data above, our historical rental rates had increased at a compounded annual growth rate of approximately 11.2%. Whilst the historical value of industrial properties recorded compounded negative growth rate of approximately 0.7%, the quantum was lower than the historical compounded annual growth rate of our historical rental rates.

- (iii) as mentioned above in this section, our new fabrication facility is to be renovated to customise to our production flow, and this affords the benefits of a more efficient layout which will reduce certain workflow steps. For instance, a rented facility is constrained by its pre-existing layout which prevents us from optimising

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workflow integration at the production floor as certain longer steel beams have to be carried from one production area to the other for further processing. Moreover, having our owned facility will allow us to include an electrical substation within the facility (either sourced for a facility with a power substation or include one during renovation) which will be more suited for our production needs and to avoid power disruption during production — an electrical substation is able to transform high voltage to low voltage (and vice versa) such that machineries requiring different voltage can be accommodated within the facility such electrical substation may not be readily available in a rented facility; and

- (iv) all of the industry players (who are subsidiaries of listed companies) mentioned in the section headed “Industry overview — Profile of leading players and estimated market share” have their owned fabrication facility, and therefore, our Executive Directors are of the view that having our owned facility will add to our reputation and maintain our competitiveness as being a major player in structural steelworks, on top of our accreditation as a S1 steel fabricator.

Based on our estimated purchase price of the new fabrication facility of approximately S\$9.0 million and assuming the leasehold term of 25 years, our depreciation expense will be approximately S\$360,000 annually and fixed throughout the leasehold term, which is slightly lower than the minimum lease payments paid under operating lease in respect of factory and office premises of S\$365,892 for the year ended 31 December 2016 as disclosed in note 26 of the Accountant’s Report which may be subject to further upward reversion when we renew our leases.

This investment will add another approximately 4,600 tonnes to our capacity which we consider to be appropriate as:

- (i) this investment will take around 6 to 9 months to be implemented and thus serves to cater for potential growth from 2018 and beyond. Following the amendments to the Building Control (Buildability and Productivity) Regulations 2011 by the BCA to further raise construction productivity, the BCA has encouraged the industry to adopt prefabrication technologies which include structural steel. To further promote greater adoption of structural steel construction, the amendments come into operation on 28 February 2017, where buildings constructed for use solely or partly as an office on selected land parcels sold under the Government Land Sale Programme will be required to adopt a stipulated minimum level of structural steel construction. The aforementioned requirement is part of an overall effort by the BCA to promote sustainable construction through the reduced use of concrete, amongst others. As mentioned in the section headed “Industry overview — Uses of structural steel and trends for demand”, this sustainable construction masterplan will see an increase in structural steel used in the construction of buildings (as it is part of the Green Mark certification which covers all building types). Our Executive Directors are of the view that being an accredited S1 structural steel fabricator administered by the Singapore Structural Steel Society, we are well-positioned to capitalise on the aforementioned trend on sustainable construction.

- (ii) our in-house capacity was inadequate to meet the projects' steel fabrication requirements and subcontractors had to be engaged for six months in 2015. Catering for sufficient capacity would afford us with the competitive advantages of (1) securing more tenders of higher value whereby the customers would place emphasis on the sufficiency of our steel fabrication capacity in order to ensure timely execution of their projects; and (2) reducing reliance on subcontractors in particular for higher value/urgent projects. With respect to (1) above, it can be seen that the steel fabrication facility and capacity is a consideration of our customers as (i) tender documents will typically state the steel facilities and equipment required; and (ii) representatives from our customers for higher value projects have conducted site visit at our premise to assess our facility, including our capacity. Our Executive Directors are of the view that customer demand for structural steelworks is sustainable given that (a) as at 31 May 2017, we have eight ongoing projects with an aggregate contract value of approximately S\$27.5 million, among which approximately S\$3.6 million has been recognised as revenue; and (b) as at Latest Practicable Date, we have tendered for over twenty projects with an aggregate contract value of approximately S\$77.7 million. Sustained customer demand is further supported by various conditions disclosed in the section headed "Industry overview", such as (i) the Singapore government has predicted that the construction market size in terms of contract value will range from S\$26 billion to S\$37 billion per annum from 2018 up to 2021; (ii) likelihood of steel used to grow in tandem, at least keeping track with the expected CAGR of approximately 5.3% of the overall construction build from 2015–2021; and (iii) the introduction of initiatives by the BCA such as the Concrete Usage Index (CUI), which is part of a sustainable construction masterplan, to minimise the use of concrete in buildings which would see an increase in the use of steel. Buildings that are able to meet certain scoring on the CUI will qualify for certain certification under the Green Mark scheme, a scheme towards more environmentally-friendly buildings and to promote sustainability in the built environment.

We estimate that the total cost of investments for our new fabrication facility, namely cost of property and its renovation and machineries will be approximately S\$13.6 million.

We further work out our breakeven period and investment payback period based on the below assumptions:

- We will be able to obtain debt financing of approximately S\$6.0 million, which is estimated based on the purchase price of the new fabrication facility of approximately S\$9.0 million, out of which, approximately S\$3.0 million will be funded by the net proceeds;
- Net proceeds are available at or around July 2017;
- As the highest cost of investments for our new fabrication facility is the purchase price of the additional steel fabrication facility which we estimate to be approximately S\$9.0 million, and that this sum is to planned to be paid by the

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end of the year ending 31 December 2017, the total costs of the aforesaid investment of S\$13.6 million is assumed to be paid on 1 January 2018 for the purpose of this calculation;

- We assume that the remaining lease term for the new fabrication facility to be approximately 25 years;
- We assume that it would require nine months from the time the costs of investments is made to have the new fabrication facility operational. This is based on our estimation of the time required to renovate the facility to suit our needs, and time to have our machinery calibrated and tested before being put into operation;
- We assume the annual revenue to be generated from this fabrication facility to be the same as the revenue for the year ended 31 December 2016. As it is premature and not practicable to secure projects now for the planned new fabrication facility, we assume that the revenue generated is that of the most recent audited financial year on the basis that the annual production capacity is expected to be similar to our current production capacity;
- As we intend for the new fabrication facility to be used mainly for production purpose, instead of as general office for non-production related function, we have used the gross profit margin for the year ended 31 December 2016 as a basis of calculating the return of the aforesaid investment;
- We assume that revenue and gross profits are generated evenly throughout the year, starting from the time our new fabrication facility is operational;
- No increase in revenue nor gross profit is assumed despite continued investments into machineries and workforce for the year ending 31 December 2018;
- No discount factor is assumed for the returns from the investment due to the relatively short time period;
- Breakeven period is defined as the first month whereby revenue would cover the costs of services. Due to the revenue and costs recognition policies applicable for construction contracts, there would be gross profit recognised should the outcome of the construction contract be estimated reliably and the contract revenue exceeds the estimated total contract costs. As we would take on projects with positive gross profit margin, and have assumed that the revenue and gross profits are generated evenly throughout the year from the time our new fabrication facility is operational, the breakeven period would be the first month of operation of the new fabrication facility; and
- Investment payback period is defined as the time period whereby the cumulative gross profit earned based on the assumptions above be sufficient to cover the costs of investment.

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Based on the above assumptions, the breakeven period and investment payback period for the new fabrication facility is approximately 10 months, and 35 months respectively.

We also outline our implementation plans with respect to the purchase of our additional steel fabrication facility as below:

Implementation steps	Time frame
Select the appropriate site, negotiate the terms of the purchase of the fabrication facility and complete the sale and purchase agreement	Month 0 to 4
Evaluate the renovation to be done, select the appropriate contractor and complete the renovations	Month 4 to 6
Delivery, installation, calibration and testing of the machinery	Month 6 to 9

Our capital expenditures' requirements and timing of payments are as below:

	Funding from net proceeds	Debt financing	Total capital expenditure	Timing of payments
Purchase of new workshop				
— Purchase price	HK\$16.5 million (S\$3.0 million)	HK\$33.0 million (S\$6.0 million)	HK\$49.5 million (S\$9.0 million)	For the six months ending 31 December 2017
— Renovation	HK\$7.7 million (S\$1.4 million)	—	HK\$7.7 million (S\$1.4 million)	
Subtotal	HK\$24.2 million (S\$4.4 million)	HK\$33.0 million (S\$6.0 million)	HK\$57.2 million (S\$10.4 million)	
Purchase of machineries for our new workshop				
— Please see the section headed "Future plans and use of proceeds" for details	HK\$12.0 million (S\$2.2 million)	—	HK\$12.0 million (S\$2.2 million)	For the six months ending 31 December 2017
	HK\$5.3 million (S\$1.0 million)	—	HK\$5.3 million (S\$1.0 million)	For the six months ending 30 June 2018
	HK\$0.2 million (S\$0.04 million)	—	HK\$0.2 million (S\$0.04 million)	For the six months ending 31 December 2018
Subtotal	HK\$17.5 million (S\$3.2 million)	—	HK\$17.5 million (S\$3.2 million)	
Total	HK\$41.7 million (S\$7.6 million)	HK\$33.0 million (S\$6.0 million)	HK\$74.7 million (S\$13.6 million)	

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For the aforementioned steel fabrication facility, registration of the factory with the MOM is required. No significant changes to our risk profile is expected as the investment is intended as an expansion of our production capacity. Based on the aforementioned investments, the additional depreciation charges are expected to be approximately S\$1.1 million and S\$1.2 million for the two years ending 31 December 2019 respectively.

MAIN QUALIFICATIONS, LICENCES AND CERTIFICATIONS

The following table sets out a summary of the main qualifications and licences of G-Tech Metal for carrying out of our business and operations in Singapore:

Relevant authority	Description	Qualification/ License/Grading	Date of first grant/ registration	Date of expiry
BCA	General Builder Class 1	GB1	2 July 2015	2 July 2018
BCA	Specialist Builder (Structural Steelwork)	SB(SS)	18 June 2009	2 July 2018
BCA	CW01, General Building	C1 ^(a)	20 October 2015	1 October 2018

Note:

- (a) The differences in BCA gradings relate to the tendering limits for Singapore public sector projects. From 1 July 2017 to 30 June 2018, C1 refers to tender values up to S\$3.8 million.

Our Group is required to hold the GB1 licence (General Builder Class 1) to carry out private and/or public sector building works. We are required to be registered under the CW01 (General Building) workhead to tender directly to Singapore government agencies for construction projects in the public sector. Our Executive Directors are of the view that our existing BCA gradings are adequate for our business needs.

Our Group is required to renew the above licences every three years. We will renew our licences before their respective expiry dates and the renewal process generally takes two to three weeks. Our Group had not experienced any refusal of renewal of the 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 licences which are required to carry on our principal business activities in Singapore. For details of the relevant qualifications and licensing requirements, please refer to the section headed “Regulatory overview” in this prospectus.

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Certifications

Our Group is an accredited steel fabricator of the Singapore Structural Steel Society for category S1 which means that we possess the infrastructure, resources and capabilities to fabricate and erect structural steel structures of (i) building, industrial plant or portal structures of over 30 metres in height and (ii) large span portal, bridges and truss work of over 30 metres. Our Group also holds various certifications in relation to workplace safety management, quality management and environmental management. The following table sets out our major certifications:

Relevant authority/ organization	Description	Certification/ Category	Date of first grant/ registration	Date of expiry
Singapore Structural Steel Society	Accredited Structural Steel Fabricator	S1	13 August 2015	12 August 2017
Workplace Safety and Health Council	bizSAFE	Level Star	17 December 2012	8 September 2018
TQCS International Pty Ltd	Environmental management system covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines	ISO 14001:2004	6 September 2010	8 September 2018
TQCS International Pty Ltd	Workplace safety management system covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines	OHSAS 18001:2007	9 September 2009	8 September 2018
TQCS International Pty Ltd	Quality management system covering steel fabrication, including steel structures, gratings, drain covers, gutters and concrete reinforcements, and the installation of ventilation and turbines	ISO 9001:2008	9 September 2009	8 September 2018

Our Group is required to renew the certificate of accredited structural steel fabricator every two years while the certifications on bizSAFE, ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2008 will be renewed every three years. We will renew our certifications before their respective expiry dates and the renewal process generally takes one month.

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PROJECTS

Completed projects with contract value of S\$1.0 million and above during the Track Record Period

The following table sets forth our projects that were completed during the Track Record Period with contract value of S\$1.0 million and above:

Project type	Contract value ⁽¹⁾ (S\$ million)	Year of completion ⁽²⁾	Revenue recognised (S\$ 'million)		Track Record Period
			For the year ended 31 December 2015	31 December 2016	
1. Petrol chemical plant	2.2	June 2015	0.6	—	0.6
2. Recycling plant	2.8	December 2015	2.8	—	2.8
3. Chemical plant	2.5	December 2015	0.6	—	0.6
4. Residential building	1.9	December 2015	1.7	*	1.7
5. Industrial building	1.7	February 2016	1.7	*	1.7
6. Food industries	1.6	April 2016	1.1	0.5	1.6
7. Industrial building	25.8	May 2016	21.9	3.9	25.8
8. Industrial factory	1.7	June 2016	1.7	*	1.7
9. School	1.0	August 2016	0.4	0.6	1.0
10. Industrial building	2.4	November 2016	—	2.3	2.3

Notes:

* Negligible

(1) The contract value includes additional works or variation orders (where applicable).

(2) The year of completion is based on the finalisation of accounts for the project.

Ongoing projects as at 31 December 2016 with contract value of S\$1.0 million and above

The following table sets forth our ongoing projects as at 31 December 2016 with contract value of S\$1.0 million and above:

Project type	Contract value ⁽¹⁾ (S\$ million)	Completion/ Expected completion date ⁽²⁾	Percentage of completion as at 31 December 2016 ⁽³⁾	Revenue recognised (S\$ 'million)		Track Record Period	Revenue to be recognised for the year ending 31 December 2017 (S\$ million)
				For the year ended 31 December 2015	31 December 2016		
1. Industrial building	1.1	January 2017	97.1%	—	1.1	1.1	*
2. Warehouse building	2.5	January 2017	94.7%	—	2.4	2.4	0.1
3. Commercial building	2.2	January 2017	95.0%	—	2.1	2.1	0.1
4. Industrial building	2.6	February 2017	94.0%	—	2.4	2.4	0.2
5. Industrial building	1.4	February 2017	85.0%	—	1.2	1.2	0.2
6. Industrial building	6.5	September 2017	28.4%	—	1.8	1.8	4.7

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Notes:

* Negligible

- (1) The contract value includes additional works or variation orders (where applicable).
- (2) Expected completion date in general refers to the expected completion date as specified in the relevant contracts or agreements, and if an extension of time as been ordered or approved by the customers, or if on the other hand management expects completion will occur earlier than contractually required, such updated completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, or where the final accounts are still being finalised, expected completion date refers to the completion date to the best estimation of the management of our Group.

New projects secured from 1 January 2017 to 31 May 2017

The following table sets forth our new material projects secured from 1 January 2017 to 31 May 2017:

Project	Contract value <i>S\$' million</i>	Completion/ Expected completion date ⁽¹⁾	Percentage of completion (approximately) as at 31 May 2017	Revenue (approximate) recognised from 1 January 2017 to 31 May 2017 <i>S\$' million</i>	Revenue to be recognised for the year ending 31 December 2017 <i>S\$' million</i>
Industrial factory	1.5	May 2017	100.0%	1.5	1.5
Warehouse	7.7	December 2017	—	—	7.7
Infrastructure fixtures	0.6	December 2017	6.7%	*	0.6
Warehouse	1.0	December 2017	—	—	1.0
Industrial fixtures	0.4	April 2017	100.0%	0.4	0.4
Industrial factory	1.2	October 2017	25.0%	0.3	1.2
Industrial factory	5.8	December 2017	—	—	5.8
Residential building	4.1	December 2017	—	—	4.1
Industrial factory	0.6	October 2017	—	—	0.6
					<u>22.9</u>

Note:

* Negligible

- (1) Expected completion date in general refers to the expected completion date as specified in the relevant contracts or agreements, and if an extension of time as been ordered or approved by the customers, or if on the other hand management expects completion will occur earlier than contractually required, such updated completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, or where the final accounts are still being finalised, expected completion date refers to the completion date to the best estimation of the management of our Group.

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Projects under negotiation as at 31 May 2017

The following table sets forth our new material projects under negotiation as at 31 May 2017:

Project	Contract value <i>S\$' million</i>	Expected completion date ⁽¹⁾	Revenue to be recognised for the year ending 31 December	
			2017 <i>S\$' million</i>	2018 <i>S\$' million</i>
Infrastructure fixtures	0.4	June 2018	—	0.4
Industrial building	16.0	August 2018	—	16.0

Note:

- (1) Expected completion date in general refers to the expected completion date as specified in the letter of intent or to the best estimation of the management of our Group.

Variation orders

During the course of a project, our customers may require additional works which will result in the original contract value to vary. Our customers will issue variation orders should additional works required.

SEASONALITY

Our principal business activity generally is not subject to any significant seasonal fluctuation.

PRICING

When we receive an invitation to quote or tender for a project, our quantity surveyors in the contracts department will analyse the two-dimensional design or drawings provided to estimate the detailed quantity of material required, including but not limited to the weight and length of various steel parts. Our quantity surveyors possess the experience, skills and knowledge to analyse the project requirements, the market and competitive environment.

Our project budget will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, our capacity and resources, prevailing market price, indicative pricing of our materials and subcontracting works, and our past experience in tendering for similar projects. Key cost of services that impact our budgeted gross profit margin of our projects are (i) material purchases, particularly steel, (ii) subcontracting costs, (iii) rental of machineries and (iv) labour. When preparing the tender pricing for higher value contracts, we will require certain of our suppliers and/or subcontractors to provide their fee quotations whose prices would be valid for the project duration.

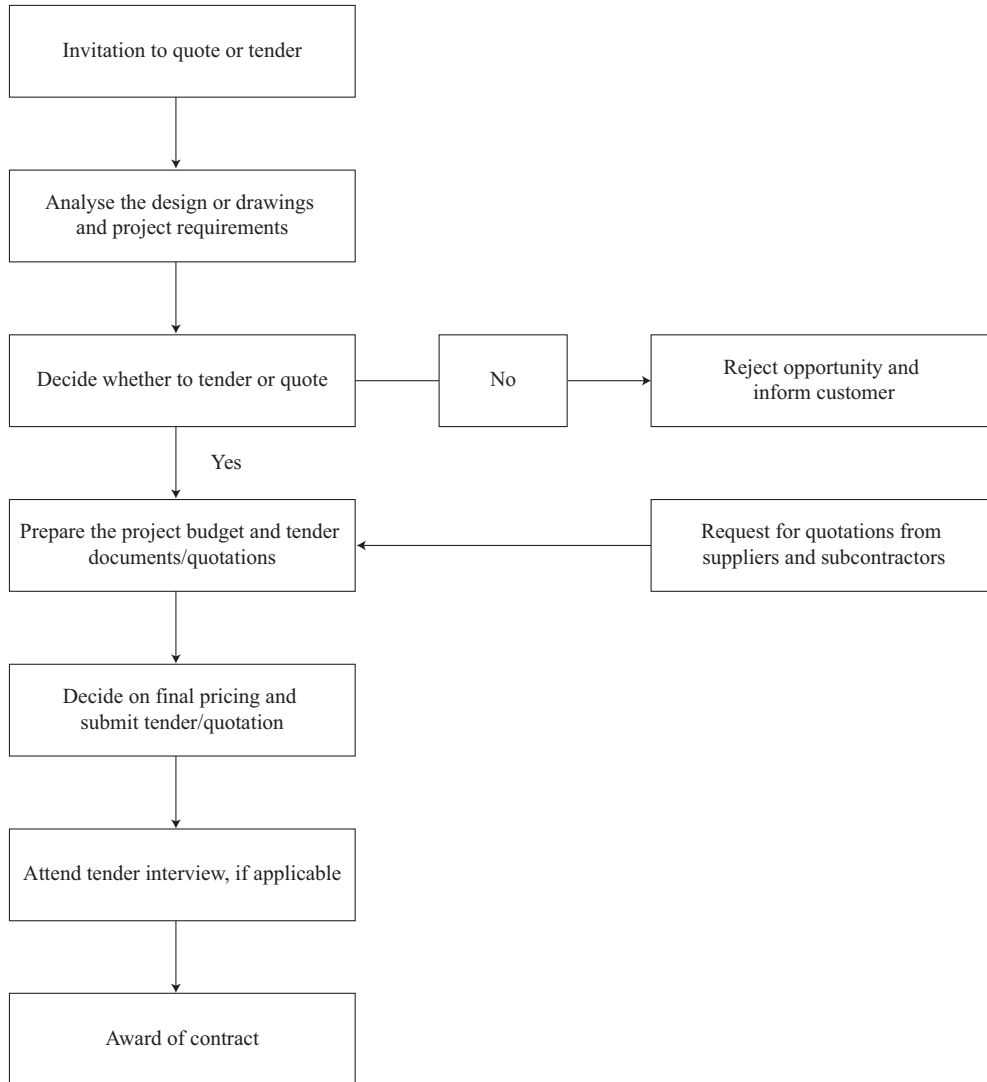
BUSINESS

Our pricing will be largely affected by the scale, complexity and specifications of the project, our capacity and resources, prevailing market price, indicative pricing of our materials and subcontracting works, and our past experience in tendering for similar projects. There is no specific pricing basis that is dependent on the type of building, but generally, higher value projects will be priced more competitively as (i) main contractors have increased bargaining power over subcontractors and their pricing for larger scale projects; and (ii) increased likelihood for increased competition over a higher value project and thus we are more likely to price lower to be competitive. Our completed and ongoing projects disclosed under the section headed “Business — Projects” with contract values between S\$1.0 million to S\$3.0 million typically have budgeted margin of above 20% while the project with contract value of approximately S\$6.5 million has a budgeted margin of approximately 20% (and our project with Customer A with contract value of approximately S\$25.8 million has a budgeted margin below 20%).

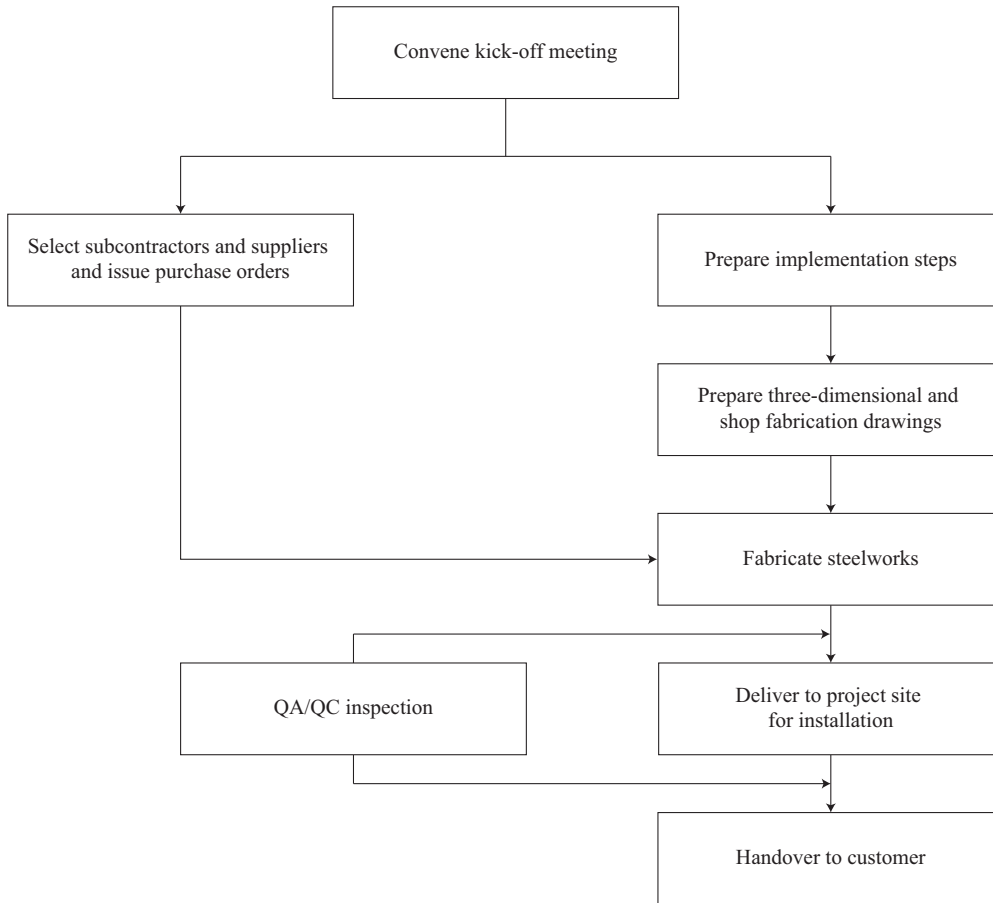
Our Executive Director, Mr. Ong or project director will make the final decision on our pricing and the submission of our tender documents/quotation. Subsequent to our tender/quotation submission, there may be further tender clarifications and discussions with the customer and we will amend and submit our final tender documents/quotation. The tender duration typically takes about one week to two months. Once the contract is signed, no pricing adjustment for the contracted scope of works will be made.

PROJECT MANAGEMENT AND OPERATIONS

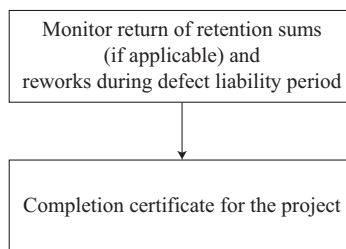
The following diagram illustrates the general steps undertaken by us in assessing a project:



Project implementation phase



Post-project phase



Tender/quotation phase

Our projects come mainly from invitations to quote or tender from customers. When we receive an invitation to quote or tender for a project, our quantity surveyors in the contract department will analyse the two-dimensional design or drawings provided to estimate the detailed quantity of material required, including but not limited to the weight and length of various steel parts. Our contract department will then consult with our Executive Director, Mr. Ong and/or our project director to determine whether to proceed with the tender/quotation of a project. We will evaluate various tender opportunities based on the project requirements, our ability to meet the project specifications in terms of our capacity and resources, the prevailing market and competitive environment. The reputation and creditworthiness of the customer will also be considered. There is no specific strategy on the selection of tender opportunities to pursue, but generally our Group would take into consideration the abovementioned factors, along with our past experience with the customer and/or the similar type of project and the estimated gross profit margin from the project.

Should we determine to proceed with the tender/quotation of a project, our contract department will prepare the summary of tender/quotation which details (i) the types of products required for the project such as staircase, link bridge, passenger lift, canopy, structural steel roof framing and structural support; (ii) the materials required for each product; (iii) the required quantity of materials; and (iv) the rate used for each material to calculate the pricing of the tender. The summary of tender/quotation also include the amount required for preliminaries which includes, but not limited to transportation costs, rental of cranes, boom lift, scissors lift and inspection fee. The contract department will also prepare a budget which includes but not limited to the cost of materials, manpower, subcontracting costs, rental of machineries and equipment, transportation, inspection and painting. The budget will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, our capacity and resources (including factoring in costs of additional workers and engagement of subcontractors when our utilisation is expected to be high), prevailing market price, indicative pricing of our materials and subcontracting works, and our past experience in tendering for similar projects.

The tender proposal/quotation together with the budget will be approved by our Executive Director, Mr. Ong or our project director. Our Executive Director, Mr. Ong or project director will make the final decision on our pricing and the submission of our tender proposal/quotation. Subsequent to our tender/quotation submission, there may be further clarifications and discussions with the customer and we will amend and submit our final tender proposal/quotation. The tender duration typically takes about one week to 2 months. Subsequent to the submission of the tender proposal/quotation, we may be requested to attend interviews which are attended by our project director and quantity surveyor. Should we be successful, we will be provided with a letter of intent followed by a contract. Once the contract is signed, typically no pricing adjustment for the contracted scope of works will be made. We will keep track of tenders/quotation which we have submitted in a report, with information such as (i) project names/description, (ii) identities of main contractors, (iii) tender/quotation sum, (iv) tender/quotation submission dates and (v) tender/quotation closing dates.

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

Year ended 31 December 2015			Year ended 31 December 2016		
<i>Number of projects awarded</i>	<i>Number of projects tendered</i>	<i>Success rate (%)</i>	<i>Number of projects awarded</i>	<i>Number of projects tendered</i>	<i>Success rate (%)</i>
21	70	30.0	23	91	25.3

Note:

- (1) In the above table, tender/quotation success rate for a financial year is calculated based on the number of contracts awarded (whether awarded in the same financial year or subsequently) in respect of the quotations and tenders submitted during that financial year.

During the Track Record Period, all of our contracts were secured from main contractors via invited tenders/quotations. Our success rates were approximately 30.0% and 25.3% for the two years ended 31 December 2016 respectively. Given that our utilisation rates ranged from approximately 94.3% to 82.4% during the two years ended 31 December 2016, along with eight ongoing projects as at 31 May 2017, our Directors consider that our overall tender success rate during the Track Record Period has been satisfactory in general. Going forward, our Group will continue to focus on undertaking private sector projects while gradually increase our presence in the public sector projects with our private customers. As at the Latest Practicable Date, we have tendered for eight public sector projects with contract value of approximately S\$41.4 million which the award results are currently pending.

Project implementation phase

Upon the award of the contract, the customers, through the structural engineering consultants, will provide the Issued For Construction (IFC) drawings to us for planning and preparation works. We will convene a kickoff meeting attended by the project department, engineering department, production department and QA/QC department. Our project department will prepare a project schedule for each project specifying the detailed steps to be taken for the project, the duration allocated for each step with the expected start date and end date. The project schedule will be monitored and constantly updated on the actual start date and end date of each step to track the progress of the project. Our project department will also prepare an inspection test plan specifying (i) the various stages and materials which require inspection and test; (ii) the acceptance criteria for each stage and material which will typically be evaluated against approved drawings and customer specifications; (iii) frequency of verification which states whether the inspection or test will be carried out on sampling basis or full inspection; (iv) the party responsible for each inspection or test, be it our Group, external structural consultant, main contractor, owner of the project and/or independent testing agency and each party will specify the extent of inspection performed such as, but not limited to, documentation review, visual inspection or be present during the inspection process; and (v) the verification documents for each inspection or test such as mill certificates for steel, approved shop drawings and material

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inspection report. We will submit the inspection test plan to our customer for approval. Upon approval, all parties will conduct inspection and test based on the inspection test plan. For further details on the inspection and test carried out to ensure the quality of our products and services, please refer to the section “Business — Quality control” of this prospectus.

Purchase of raw materials (consists mainly of steel materials) and/or engagement of subcontractors will be made by the purchasing and contract department respectively. Our project department will work with the abovementioned departments to ensure that materials and/or services are sourced from a reliable supplier and subcontractor or who is on our approved vendor list. Typically, we will request for quotations from suppliers and/or subcontractors during the preparation of our tender documents/quotation, and should the contract be awarded to us, we will follow-up with the supplier and/or subcontractor who has provided us with the most competitive pricing. We will typically obtain at least two quotations for each main category of materials and services required from suppliers and/or subcontractors, or select a supplier or subcontractor from our approved vendor list to ensure that the materials and services are sourced competitively and within our project budget. Our purchasing and contract department will negotiate on the pricing and contract terms with the supplier and/or subcontractors, and once a purchase order is issued, the supplier and/or subcontractor is obligated to fulfill the delivery of materials and services at the agreed price and in accordance with the schedule (unless expressly amended or terminated).

Upon receipt of materials, our QA/QC department and parties responsible as stated in the inspection test plan will check the delivery order, mill certificates, material inspection report and sample test report from independent third party (as the case may be) to ensure the specifications of the materials are met. Any materials which do not meet the required specifications will be rejected and returned immediately to our suppliers. We maintain good working relationship with our suppliers and do not foresee any material difficulties in sourcing materials in the future.

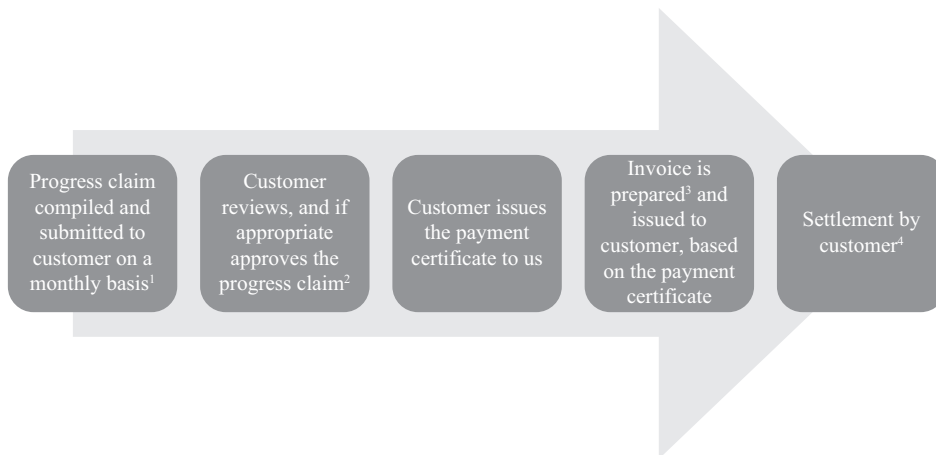
Our engineering department will also start with the three-dimensional and shop fabrication drawing preparations based on the IFC drawings and specifications from our customer. Our engineering department is equipped with advanced computerised aided design and detailing software and structural detailers who have the necessary qualification and training. The three-dimensional and shop fabrication drawing will detail the quantity and measurements of the steel required and how each steel part will be connected to form the structure of the building. The shop fabrication drawing will then be submitted to our customer for approval, or external structural consultant in the case where we design-and-build the steel structures and revisions are made if necessary. Where revisions are made, they are monitored through an internal drawing register. Upon final approval from our customer or external structural consultant (as the case may be), the engineering department will issue the approved shop fabrication drawings to the production department for fabrication works.

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Upon receipt of the approved shop fabrication drawings and raw materials, the fabrication process (predominantly the cutting and drilling of steel sections and plates, fitting and welding) will commence. Steel sections and plates are first cut and/or drilled using different cutting processes (depending on their intended and designed usage and purposes). The cut materials are then fitted according to the shop fabrication drawings. Inspection will be carried out by our QA/QC department and relevant parties as stated in the inspection test plan before the fitted materials are welded to ensure conformance to the approved drawing and customer's specifications. Upon completion of welding and cleaning, the fabricated steelworks will be inspected by our QA/QC department and relevant parties as stated in the inspection test plan. Where fabricated steelworks are required to be galvanised, painted or coated, these services are usually subcontracted to third parties as we do not provide such services in-house.

The fabricated steelworks are delivered to the project site by trailers and/or lorries depending on the size and the weight of the fabricated steelworks for erection works. The delivery of fabricated steelworks is contracted out to third party transportation service providers. Prior to the erection works, we will submit a method statement (drawn up by our engineering department) to the customer, which describes the procedures and steps involved in the installation or erection process as well as the risk and hazard analysis for the installation and erection works. Our project department will follow up the erection works to ensure that the structure is aligned and levelled at each stage. We also implement and maintain the necessary safety measures throughout the duration of the erection works at the project site. Upon completion of the erection works, our QA/QC department and relevant parties as stated in the inspection test plan will perform a final check and subsequently hand over the structures to our customers in stages or as specified in the contract.

Our finance department is responsible for recording of accounts payables, receivables and preparation of progress claims and invoices. Our project department will coordinate with our contract department on the progress claims to our customers, based on the progress of services performed. Please refer to the process flow of our billing process below:



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Notes:

1. We may take approximately two to three weeks to compile the progress claim subsequent to the performance of the relevant works.
2. Our construction contracts generally provide for the process and frequency for making progress claims. Accordingly, under the BCISPA, our customers are required to provide a response to our payment claim within 21 calendar days from date of submission of the progress claim (or such shorter period which may otherwise be agreed). However, in practice, our customers may take a longer time to review their subcontractors' progress claims.
3. We may take approximately one week to issue invoices to our customers.
4. Under the BCISPA, the amount is due and payable on the earlier of various dates (please refer to the section headed "Regulatory overview — Building and construction industry security of payments" in the prospectus, including, the date immediately upon the expiry of 35 days after submission of a tax invoice. In practice, we may allow certain customers a longer credit term.

We invoice our customers, and typically up to a maximum of 10% of the progress claims will be retained by our customer and will be returned after the defect liability period (typically 12 months from TOP). Upon receiving our payment request, our customer will have its own personnel to acknowledge the progress claim. We will then be requested to issue an invoice to our customers, with a credit terms ranging from 30 to 60 days upon issuance of invoice. Similarly, we will typically make payment to our suppliers within the credit terms of 30 to 60 days, and immediate to 35 days to our subcontractors. For subcontractors, they will submit their payment request to us and we will ascertain the completion of their works. 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 or financial institution made in favour to them for a certain percentage of or the full amount stipulated in the contract, our finance department will coordinate with the insurer or financial institution to secure such performance bonds.

The duration of our completed structural steelworks projects during the Track Record Period generally span from 1 to 19 months, depending on the scale and complexity of the project, the construction schedule set up by our customer and the project schedule. There may also be instances of variation orders where customers may require additional works or changes in the specifications 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 variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated.

Post-project phase

Subsequent to the hand over of the structures to our customers, we will typically receive a handing over form which indicates that our services have been completed, inspected and approved. The defect liability period commences when TOP is issued and we are required to rectify any defects brought to our attention during this period. We will, from time to time, also monitor our receipts and the return of retention monies. Upon issuance of

BUSINESS

TOP, usually 2.5% of the contract amount shall be released to us and the balance of 2.5% upon expiry of the defect liability period (usually 12 months after TOP). During the Track Record Period, no material deduction was made against the retention monies.

QUALITY CONTROL

We have established a Quality, Environmental and Occupational Health & Safety Management System (“**QEHS**” system) to ensure compliance with our current safety, environmental and quality management systems, namely OHSAS 18001, ISO 14001 and ISO 9001. We are committed to our quality, occupational health and safety standards and regularly review our systems to ensure that they are adequate for our business operations. For further information, please refer to the section headed “Business — Quality, environmental and occupational health and safety management system” in this prospectus.

We have a senior quality assurance and quality control engineer, Mr. Alagan Krishnan assigned to the project whose responsibilities include scheduled checks for our services performed and routine checks at key milestones of our structural steelworks. Mr. Alagan Krishnan has over 25 years of experience in the industry and has completed courses such as Apply Workplace Safety and Health in Process Plant and Building Construction Supervisors Safety Course certified by an independent consultant. Mr. Alagan Krishnan also holds a certificate of proficiency in non-destructive testing of welds, visual testing of fusion-welded joints.

We have quality control measures throughout our project workflow, from procurement to the delivery of our works to our customers. Some of these quality control measures include:

- A. Procurement — New suppliers and subcontractors are first evaluated based on whether they have the appropriate ISO 9001 certification, product certification, track record and accreditation (as the case may be). Where applicable, sample is requested or vendor audit conducted. We maintain an approved vendor list which is reviewed annually.
- B. Incoming goods/services inspection — Incoming materials and products received, either at the project site or at our warehouse, are inspected in accordance to contract specifications or requirements stated in our inspection and test plan. The quantity and description of products must also be checked against the delivery order. For subcontract works, test report, calibration report and servicing report (as the case may be) are verified by our project supervisors.
- C. Monitoring of subcontractors — Monitoring of subcontractors’ performance is important to our business operations as we are typically responsible for the performance of our subcontractors. Please see the section headed “Risk factors — We rely on third parties, including subcontractors, to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such third parties” for particular risks which we are exposed to due to engagement of subcontractors.

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When we first engaged subcontractors, we will evaluate their safety performance based on their corporate safety policy and management system. We will also obtain a list of their machinery and equipment, safety track record, training record and a brief of the contract values of the projects that they have undertaken. Protective equipment for use on the project site has to be well maintained and in proper working condition.

For incoming purchases at our premises such as steel, welding consumables, bolts and nuts, our QA/QC personnel together with the relevant parties as stated in the inspection test plan will check the delivery orders, mill certificates, material inspection report and sample test report from independent third party (as the case may be) to ensure the specifications of the materials are met. The criteria include ensuring the right quantity, heat number on the steel matches the heat number stated on the mill certificates or size of materials (as the case may be) and evidence of defects such as dent, grease or rust. We also maintain an approved vendor list and a vendor is first admitted to our list based on the factors, including but not limited to, their market reputation, quality, responsiveness, track record, and existence of quality, environmental, health and safety management systems. The approved vendor list is reviewed annually and each approved vendor will be reviewed based on its performance, such as its quality, timeliness, responsiveness and environmental, health and safety record.

Throughout the fabrication process, in-process inspection will be carried out at various stages by our QA/QC personnel together with the relevant parties as stated in the inspection test plan to ensure that each stage of works conforms to the shop fabrication drawings and/or specifications stated in the contract. In-process inspection includes but not limited to (i) inspection on the dimension of materials such as I-beams and steel plates after marking and cutting; (ii) obtain the certificate of proficiency of the welder, certificate of calibration of the welding equipment before the welding process; (iii) fit up inspection at the joints to check that the assembly of the structure is according to the approved shop fabrication drawings and materials are not damaged prior to welding; (iv) welding inspection using either ultrasonic test or magnetic particle test depending on types of weld and (v) review of blasting report, paint coating report or galvanise coating thickness report from subcontractor or external party for subcontracted works such as painting and galvanising works.

During installation stage at project site, continuous inspection will be carried out by our QA/QC personnel together with the relevant parties as stated in the inspection test plan on the alignment of the structural steel upon completion of installation in segments either by floor level or area of the building. There will also be inspection on the bolt-tightening, site acceptance test and inspection on column foundation. At the completion of the project, our QA/QC personnel together with the relevant parties as stated in the inspection test plan will conduct a final check before arranging for handover to our customer. The checks include inspection on the quality of the finishes to ensure that there is no visual defect, for instance misalignment, discoloration, grease or rust. Safety and regulatory requirements are also to be complied with. All inspection forms and final documentation will be compiled and handed over to our customer.

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

SALES AND MARKETING

Our customers typically come to know us by word-of-mouth, repeat customers or recommendation from our existing customers. Please refer to the section headed “Business — Project management and operations” in this prospectus for details of our tender success rates during the Track Record Period. We also rely on our Executive Director, Mr. Ong, who is also the chairman of our Group and our Controlling Shareholder, our project director, Mr. Chelliah Thennavan and our operation director, Mr. Wee Hian Yeong to build and foster relationships with our key customers. In addition, Mr. Ong has a hands-on approach in project management and monitor closely the fulfillment of our commitments to customers, with a view to maintaining our Group’s reputation, relationships with other industry participants and potential for project referrals. We do not have a dedicated sales and marketing team.

CUSTOMERS

Our customers include mainly main contractors of building projects in Singapore, who will subcontract the structural steelworks of their projects to us. All our contracts are on a project basis and non-recurring. We had 16 and 15 customers for our structural steelworks projects (excluding minor ad-hoc sales) for the two years ended 31 December 2016 respectively.

The duration of our completed projects during the Track Record Period generally span from 1 to 19 months with an average duration per project of approximately 7 months. In the local construction industry, word-of-mouth and therefore reputation is an important factor for securing new projects and over the years, we have established ourselves as a reputable structural steelwork specialist. Our customers typically consider us for new project opportunities based on our experienced management team and track record of delivering timely and reliable structural steelworks.

For the two years ended 31 December 2016, revenue from our five largest customers amounted to approximately S\$33.1 million and S\$18.0 million, and accounted for approximately 91.9% and 81.8% of our revenue, respectively. Revenue from our largest customer for the same periods amounted to approximately S\$25.1 million and S\$8.7 million, and accounted for approximately 69.8% and 39.4% of our revenue, respectively.

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The following table sets forth our five largest customers for each of the two years ended 31 December 2016 respectively:

For the year ended 31 December 2015

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms granted	Revenue contribution	
				Amount (S\$ million)	% of revenue of our Group
Customer A (<i>Note 1</i>)	5	Structural steelworks	Payable by bank transfer, 45 days	25.1	69.8%
Customer B (<i>Note 2</i>)	2	Structural steelworks	Payable by bank transfer, 30 days	2.8	7.9%
Customer C (<i>Note 3</i>)	10	Structural steelworks	Payable by cheque, 45 days	1.8	5.0%
Customer D (<i>Note 4</i>)	3	Structural steelworks	Payable by cheque, 30 days	1.7	4.7%
Customer E (<i>Note 5</i>)	2	Structural steelworks	Payable by cheque, 35 days	<u>1.7</u>	<u>4.6%</u>
Total				<u><u>33.1</u></u>	<u><u>91.9%</u></u>

Notes:

- (1) Customer A, a private company incorporated in Singapore on 21 October 1995 which mainly undertakes project management, engineering and construction services. It is part of a global high-tech engineering and construction company, which is in turn held by an Austrian group.
- (2) Customer B, a private company incorporated in Germany which mainly undertakes the collection and disposal of refuse systems. It is part of an international group specialising in the areas of construction and recycling technology.
- (3) Customer C, a company established in 1996 and listed on the mainboard of the Singapore stock exchange on 30 April 2015 with a market capitalisation of approximately S\$289.3 million as at Latest Practicable Date. It is an industrial real estate solutions provider in Singapore, which mainly undertakes engineering services for design-and-build and development of industrial facilities.
- (4) Customer D, a private company incorporated in Singapore on 24 October 2008 which mainly provides construction services.
- (5) Customer E, a Singapore branch of a company founded in 1973 with the headquarter in Seoul, South Korea and listed on the Korea Exchange with a market capitalisation of approximately Korean Won 2,880.0 billion as at Latest Practicable Date which mainly provides construction services.

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For the year ended 31 December 2016

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms granted	Revenue contribution	
				Amount (S\$ million)	% of revenue of our Group
Customer A (<i>See Note 1 above</i>)	5	Structural steelworks	Payable by bank transfer, 45 days	8.6	39.4%
Customer C (<i>See Note 3 above</i>)	10	Structural steelworks	Payable by cheque, 45 days	4.0	18.2%
Customer F (<i>Note 6</i>)	4	Structural steelworks	Payable by bank transfer, 30 days	2.4	10.9%
Customer G (<i>Note 7</i>)	5	Structural steelworks	Payable by cheque, 30 days	1.8	8.4%
Customer H (<i>Note 8</i>)	2	Structural steelworks	Payable by bank transfer, 60 days	1.1	4.9%
Total				18.0	81.8%

Notes:

- (6) Customer F is a private company incorporated in Singapore on 10 July 1976, a subsidiary of a company listed on the Nasdaq Helsinki on 27 March 1996 with a market capitalisation of approximately EURO 3,126.9 million as at Latest Practicable Date which specialises in overhead lifting, equipment and maintenance services.
- (7) Customer G, a private company incorporated in Singapore on 18 February 2004 which mainly undertakes the fabrication and installation of stainless steel railing.
- (8) Customer H, a subsidiary of a company listed on the New York stock exchange on 28 January 1929 with a market capitalisation of approximately US\$126.7 billion as at Latest Practicable Date, is a private company incorporated in Singapore on 30 January 2008 which mainly provides diversified technology products and services.

Although Customer A accounted for approximately 69.8% of our revenue in 2015, our Directors do not consider that our Group's business rely heavily on Customer A, as its contribution to our revenue in 2016 has reduced significantly to approximately 39.4% and there were no ongoing projects with Customer A as at 31 December 2016. From 1 January 2017 up to the Latest Practicable Date, we have secured one industrial factory project with a contract value of approximately S\$0.6 million from Customer A.

Our relatively high revenue contribution from Customer A during the Track Record Period was due to the size of their projects, with the largest project of contract value of approximately S\$25.8 million with revenue recognised of approximately S\$21.9 million, or approximately 61.0% of total revenue for the year ended 31 December 2015. Our Executive Directors believe that taking on such a large scale project would enhance our reputation and track record. As the projects with Customer A are completed or near completion, our capacity will be made available for projects with other customers.

Our projects mainly come from private invitations to quote or tender from our customers, which our Directors believe is the result of our reputation in the industry and our successful track record in particular for technological plants and industrial buildings. It is our ability to establish ourselves as a reputable structural steelworks contractor that will enable us to sustain our business without relying on any single customer.

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None of our five largest customers during the Track Record Period is also our supplier or subcontractor. All of our five largest customers are Independent Third Parties. During the Track Record Period, we have not had any material disagreement or dispute with any of our customers.

None of our Directors, or any of their respective associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue, was connected with (within the meaning of the GEM Listing Rules) or has any interest in any of our top five customers 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.

Duration

The duration will typically be stated in the contract and the duration of our completed structural steelworks projects during the Track Record Period generally span from 1 to 19 months depending on the scale and complexity of the project. Such duration typically align with the duration of the main contractor's construction works.

Progress claims

We make monthly progress claims to our customers in respect of the value of the work we have performed, and subject to our customer's confirmation, thereafter we will proceed to issue invoices with a credit term in accordance with the contract. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. Monthly progress claims are to be certified by the customer within 21 calendar days from the submission of our progress claims and payment within 35 days of such certification. 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 claims that we made in accordance with the work that we carried out and based on the agreed contract terms with our customers. In practice, our customers may take a longer time to review their subcontractors' progress claims or we may allow certain customers a longer credit term. We may decide to allow the aforementioned longer periods, after taking into considerations factors including but not limited to, the value of the relevant contract, possibility of future contracts, relationship with our customers and past payment history. During the Track Record Period, we had not taken any legal action under the BCISPA against any of our customers.

Retention money

A portion of the contract value, normally 5% is withheld by our customers as retention money, of which half will typically be released upon issuance of TOP and the remaining released at the end of defect liability period (usually 12 months after TOP). TOP is a temporary permit to allow owner to occupy the building when the key regulatory requirements are met while awaiting for the Certificate of Statutory Completion.

Defect liability period

Our contracts typically include a defect liability period, during which we are responsible to rectify works defects which were due to our fault at no extra cost to the customer. The defect liability period is usually 12 months from the date of TOP. 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 may require additional works or changes in the specifications 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 variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated.

Performance bonds

For certain of our contracts, we are required to have stipulated value (typically 10% of the contract value) of performance bonds with an insurer or financial institution made in favour to our customer, which will remain in effect upon expiry of the bond, which is upon or after 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 by us of the contract with them. There was no claim on any performance bonds during the Track Record Period.

Foreign workers

We are responsible for ensuring that both our own workforce and those of our subcontractors for the relevant project do not have any illegal foreign workers. We are liable for and shall indemnify our customer against any losses or liabilities arising from our hiring of illegal foreign workers for the relevant project. During the Track Record Period, we did not hire any illegal foreign workers and no action or notification were taken against us or issued to us in connection with hiring of illegal foreign workers.

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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 were no material liquidated damages paid by our Group during the Track Record Period.

Termination

Our contracts can typically be terminated by the customer if, among others, we (i) have abandoned the contract; (ii) have without reasonable cause failed to commence the contract works; (iii) have failed to comply with or perform any material obligation under the contract; (iv) have failed to complete the project by the agreed completion date; or (v) become bankrupt or insolvent. There were no termination of our contracts during the Track Record Period.

SUPPLIERS

Our purchases are mainly from suppliers in Singapore and our main purchases are steel parts and rental of machineries such as fork lifts and scissor lifts and transport machineries such as lorry cranes. We make our purchases based on the requirements of each project. We do not have any long-term agreement with our suppliers. We maintain good relationships with our suppliers and have not experienced any significant quality or fulfillment issues with our suppliers.

Subsequent to the issue of purchase order to our suppliers, our suppliers will supply the specified items in accordance with the delivery time required at the contracted price. The prices that we pay to our suppliers are agreed at the stage we place our purchase orders and should our actual costs be higher than anticipated in our quotation to our customers, we cannot pass the price difference to our customer if our customer has already accepted our quotation. For larger scale projects, we typically negotiate and fix the price for an agreed period of time with our suppliers at our tender/quotation stage when we request for a quotation from them prior to submitting our tender proposal/quotation to our customers. We manage fluctuations in material costs by (i) buffering for inflation and possible cost increase during the duration of the contract; (ii) purchasing materials mainly based on the needs of specific contracts and (iii) fixing the price for a period of time or for a specific quantity with our suppliers for larger scale contracts. Please refer to the section “Risk factors — Incorrect estimation of our project costs and cost overruns will affect our costs and materially affect our financial performance” and “Business — Risk management and internal control systems — Risk of cost overruns” in this prospectus for further details.

We maintain an approved vendor list for suppliers who have passed our assessment criteria; for suppliers first admitted into the list, we will have reviewed their performance based on (as the case may be), their (i) market reputation, (ii) existence of an effective quality, environmental, health and safety system, (iii) response to our request for services, (iv) reliability of product or services procured and (v) quality of samples provided. This assessment is performed by our project manager and submitted to our Executive Director,

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Mr. Ong for approval. Subsequently, on an annual basis, our project manager will assess the performance of the suppliers based on (as the case may be), their (i) ability to meet delivery schedules in accordance with contract/purchase order, (ii) quality of goods and services received and (iii) environmental, health and safety performance for the past year and our Executive Director, Mr. Ong will decide whether the supplier will be retained in the approved vendor list. As at 31 December 2016, there were 50 suppliers on our approved vendor list.

For the two years ended 31 December 2016, purchases from our five largest suppliers amounted to approximately S\$9.7 million and S\$3.5 million, and accounted for approximately 37.6% and 31.6% of our subcontracting, material and machinery rental costs, respectively. Purchases from our largest supplier for the same periods amounted to approximately S\$4.5 million and S\$1.7 million, and accounted for approximately 17.4% and 14.9% of our subcontracting, material and machinery rental costs, respectively.

Our five largest suppliers during Track Record Period

The following table sets forth our five (5) largest suppliers for each of the two years ended 31 December 2016 respectively:

For the year ended 31 December 2015

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods and services supplied to us	Payment and credit terms	Supply amount S\$'000	Approximate percentage of our subcontracting, material and machinery rental costs %
1	Supplier A	5	Supplier of steel column	Payable by bank transfer and cheque, 60 days	4,493	17.4%
2	Supplier B	5	Supplier of machineries for rent	Payable by cheque, 30 days	2,832	11.0%
3	Supplier C	2	Supplier of steel bars and plates	Payable by bank transfer and cheque, 60 days	1,254	4.9%
4	Supplier D	6	Supplier of steel bars	Payable by bank transfer and cheque, 30 days	622	2.4%
5	Supplier E	12	Supplier of steel beams	Payable by bank transfer and cheque, 60 days	500	1.9%
Total					9,700	37.6%

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For the year ended 31 December 2016

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods and services supplied to us	Payment and credit terms	Supply amount S\$'000	Approximate percentage of our subcontracting, material and machinery rental costs %
1	Supplier A	5	Supplier of steel and columns	Payable by bank transfer and cheque, 60 days	1,665	14.9%
2	Supplier E	12	Supplier of steel beams	Payable by bank transfer and cheque, 60 days	714	6.4%
3	Supplier B	5	Supplier of machineries for rent	Payable by bank transfer and cheque, 30 days	463	4.1%
4	Supplier F	3	Supplier of machineries for rent	Payable by cheque, 30 days	378	3.4%
5	Supplier G	12	Supplier of steel bars/ beam	Payable by bank transfer and cheque, 30 days	309	2.8%
Total					<u><u>3,529</u></u>	<u><u>31.6%</u></u>

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

SUBCONTRACTORS

We may engage subcontractors for part of certain contracts secured by us, for instance, to provide certain services such as galvanizing works, painting and electrical works which we do not typically provide in-house. We also engage subcontractors to carry out certain steel fabrication works and site installation works to better allocate our resources for our projects' needs. We maintain good relationships with our subcontractors through strong communication on project-related matters, particularly coordination on when their subcontract works have to be completed and they have provided their services on a reliable and timely basis. In general, we are liable to our customers for the performance of our subcontractors including but not limited to defects, delay in the project schedule and violation of rules or regulations.

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We typically select our subcontractors from our approved vendor list of subcontractors, whereby they are initially assessed based on (as the case may be) (i) market reputation, (ii) existence of an effective quality, environmental, health and safety system, (iii) response to our request for services, (iv) reliability of product or services procured and (v) quality of services provided. This assessment is performed by our project manager and submitted to our Executive Director, Mr. Ong for approval. Subsequently, on an annual basis, our project manager will assess the performance of the subcontractors based on (as the case may be), their (i) ability to meet delivery schedules in accordance with contract/purchase order, (ii) response to repair calls under guarantee period (where applicable, for instance, there is a 5 years warranty for fire resistant coating works), (iii) quality of goods and services received and (iv) environmental, health and safety performance and our Executive Director, Mr. Ong will decide whether the subcontractor will be retained in the approved vendor list. The subcontracting fee is determined based on the estimate of market rate for comparable projects, taking into account the scope, size, complexity and contract value. As at 31 December 2016, there were 15 subcontractors on our approved vendor list.

Our Group has, over the years, established good relationships with our subcontractors; for the two years ended 31 December 2016, total amount paid for subcontracting works to our five largest subcontractors amounted to approximately S\$8.3 million and S\$3.2 million, and accounted for approximately 32.2% and 28.9% of our subcontracting, material and machinery rental costs, respectively. For the two years ended 31 December 2016, amount paid to our largest subcontractor amounted to approximately S\$3.8 million and S\$1.3 million, and accounted for approximately 14.6% and 11.3% of our subcontracting, material and machinery rental costs respectively. So far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims from our customers in respect of the quality of services performed by our subcontractors.

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Our five largest subcontractors during the Track Record Period

The following table sets forth our five largest subcontractors for each of the two years ended 31 December 2016 respectively:

For the year ended 31 December 2015

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types of services provided to us	Payment and credit terms	Supply amount S\$'000	Approximate percentage of our subcontracting, material and machinery rental costs %
1	Subcontractor A	6	Subcontractor for fabrication	Payable by cheque, immediately due upon issuance of invoice	3,773	14.6%
2	Subcontractor B	2	Subcontractor for painting works	Payable by cheque, 30 days	2,418	9.4%
3	Subcontractor C	2	Subcontractor for fabrication and material shifting	Payable by cheque, 14 days	771	3.0%
4	Subcontractor D	2	General subcontracting services	Payable by cheque, 30 days	765	3.0%
5	Subcontractor E	3	Subcontractor for fire resistant coating works	Payable by bank transfer and cheque, immediately due upon issuance of invoice	583	2.3%
Total					8,310	32.2%

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For the year ended 31 December 2016

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types of services provided to us	Payment and credit terms	Supply amount S\$'000	Approximate percentage of our subcontracting, material and machinery rental costs %
1	Subcontractor D	2	General subcontracting services	Payable by cheque, 30 days	1,259	11.3%
2	Subcontractor F	1	General subcontracting services	Payable by bank transfer and cheque, 35 days	809	7.2%
3	Subcontractor G	12	Subcontractor for galvanising works	Payable by bank transfer and cheque, 30 days	502	4.5%
4	Subcontractor B	2	Subcontractor for painting works	Payable by cheque, 30 days	394	3.5%
5	Subcontractor E	3	Subcontractor for fire resistant coating works	Payable by bank transfer and cheque, 35 days	269	2.4%
Total					<u><u>3,233</u></u>	<u><u>28.9%</u></u>

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

General terms of subcontracts

Our main subcontractors are located in Singapore and do not work with us on an exclusive basis. They will provide quotation for their subcontract works and upon our acceptance of their quotation after negotiation, they have the responsibility to ensure that all works performed must satisfy the requirements of the contract. The duration of these subcontracts vary depending on the nature of their subcontract works. For those subcontractors who are required to source raw materials as part of their subcontract services, the specifications for these materials are obtained from the main contractor, or specified by end customer and provided to our subcontractors.

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The subcontract will set out the amount payable and the payment terms. This amount is generally determined after negotiation of the subcontractor's fee as estimated by the subcontractor for the subcontracted works. The subcontract amount payable is generally a fixed price contract sum. Therefore, our subcontractors generally bear the risks of cost increases for works subcontracted to them.

There is a contractual period stipulated in the subcontracts for the subcontractors. As we are engaged by our customers on a project basis, we generally do not include any renewal clause for contracts with our subcontractors. In the event that our subcontractors fail to perform the subcontract works in a satisfactory manner, fail to comply with the requirement of the main contract and/or fails to comply with any direction and instruction, we may direct the subcontractor to rectify such default. Upon failure to rectify the default within a reasonable period by the subcontractors, we may order the removal of the subcontractor from the site and shall have the right to rectify the default and complete the subcontractor works and to retain any monies due to us. Where the cost of such rectification exceeds the retained monies, such monies shall be treated as a debt owing to us by the subcontractors.

The subcontracts typically set out monthly progress claims to be submitted to us for approval, and payment made is typically immediate to 35 days upon issuance of invoice subject to a retention sum of 5% of total contract value. Retention monies will be released to our subcontractors upon substantial completion, and in some cases also upon expiration of the defect liability period. Our subcontractors are prohibited from hiring illegal foreign workers and have to conform to safety and regulatory requirements.

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 from the worksite;
- (ii) Hold meetings or communicate from time to time between our project manager and the subcontractors to ensure their understanding of our requirements and concerns; and
- (iii) Conduct regular inspection of our subcontractors' works.

To avoid over-reliance on a few subcontractors, we typically maintain a list of subcontractors and at least more than one subcontractor for a particular expertise. During the Track Record Period, none of the subcontractors had major non-performance that resulted in default in payment by our customer to us or liquidated damages payable by us to our customer. If our customer defaults in making payment, we remain liable to settle the subcontractors' fees should the subcontracting works already have been performed.

COST CONTROLS

Generally, we employ a strict system to control the costs of our projects with the following measures:

Stage	Measures
Tender/quotation phase	<ul style="list-style-type: none">• We generally will obtain quotations from main suppliers and/or subcontractors for our projects of over 100 tonnes, and their fees are fixed upon entering into a contract.• Our Executive Director, Mr. Ong and our project director will make the final decision on our pricing and thereafter submit our tender/quotation to our potential customer. Please refer to the section headed “Business — Pricing” on our pricing strategy.
Project implementation phase	<ul style="list-style-type: none">• We review our progress of works performed, submit our progress claims on a monthly basis and closely monitor payments made by our customers.• Before making payments for goods delivered by suppliers and progress payments to subcontractors, we will ascertain whether goods delivered and services performed meet the required specifications. We will also check that the prices charged by our suppliers and subcontractors are in line with agreed pricing. For details, please refer to the paragraph headed “Quality control” in this section of the prospectus.• Whenever there is a major revision in the scope of work under a contract or during our annual review on the cost estimation/plan of each ongoing projects, our budgeted gross profit margins will be revised. Should the budgeted gross profit margin be revised significantly lower than the original budget, our Executive Director, Mr. Ong and project director will investigate the reasons and take rectification and preventive measures if applicable.

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- Whenever there is an additional auxiliary services (such as rental of vehicles and logistic support) requested from our customers for our ongoing projects, we will generally obtain a formal request from our customer with agreement of the rates to be charged or basis of calculating such charges and approval from our Executive Director, Mr. Ong and project director prior to providing such services.
- Post-project phase
- We monitor the return of retention monies for our projects regularly.

INVENTORY MANAGEMENT

During the Track Record Period and as at the Latest Practicable Date, we did not retain any raw materials such as steel as our inventory. We make our purchases based on the requirements of each project and for the customer orders we have on hand. For details on our suppliers, please refer to the paragraph headed “Suppliers” in this section of the prospectus.

QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

We have established a Quality, Environmental and Occupational Health & Safety Management System (“QEHS” system) to ensure compliance with our current quality and safety systems, namely OHSAS 18001, ISO 14001 and ISO 9001. We are committed to our quality, occupational health and safety standards and regularly review our systems to ensure that they are adequate for our business operations. We have an occupational health and safety management system and quality management system in place, which had been last audited on 31 August 2016 by an Independent Third Party. No non-conformity was noted in the audit. Subsequent to this audit, we were recommended for continued certification of our OHSAS 18001:2007 and ISO 9001:2008 certifications which will expire on 8 September 2018.

We have a safety officer who will advise and review the workplace safety procedures, with over 10 years of related experience on safety health management system and has completed courses such as occupational first aid course, registered safety officer, registered environmental control officer, confined space safety accessor and fire safety manager certified by independent consultants.

Specifically in our QEHS system, we are committed to:

A. Consistent delivery of quality products, service excellence and on-time delivery

Our mission is to deliver quality products and services in structural steels for the construction industry on a timely and reliable basis to meet customers, safety and regulatory requirements. As such consistent with our customer complaint policy, we

have set the quality targets of (i) no more than five written complaints per project; and (ii) achievement of 100% on-time project completion, and during the Track Record Period, we have not received any written complaint from our customer and have met the project completion timing as contracted (or revised as mutually agreed) with our customer. Should there be customer complaints, we will investigate and follow-up to resolve the issue. Please refer to the section headed “Business — Quality control” for our quality control procedures.

We will also request our customers to participate in our customer satisfaction survey at the end of our project with them. They can feedback different scores for our service quality, safety, timeliness of response, pricing, quality of our personnel, ability to meet their project timing and whether they are satisfied with the manner that we have handled their concerns and communication to them. These customer satisfaction surveys are maintained and discussed by our management team for further action(s) to improve our customers’ satisfaction. During the Track Record Period, there were no customer satisfaction survey that were graded unsatisfactorily.

B. Provision of relevant training for our employees

Training needs are identified, provided to the relevant employees in a timely and systematic manner, with training records maintained. An effectiveness of training received is also conducted. Many of these training courses will be conducted by either MOM or MOM accredited training centres, such as workplace safety and health training, operation of forklift, scissors lift and boom lift, first aid courses, skills certification in structural steel fitting, waterproofing and spray plastering, and welder’s course. On-the-job training is also conducted, and training records for on-the-job training are also maintained.

C. Prevention, elimination, minimisation and control of occupational health and safety hazards

We have set the occupational, health and safety targets of (i) achievement of zero reportable accident per year; and (ii) achievement of zero reportable health-related issue per year. To achieve our targets, we follow a six-step action plan for the identification, correction and prevention of occupational health and safety hazards, including:

Step 1: Identification of the problems — Problems identified may be in relation to the system manual and procedures, inability to maintain certain quality or safety standards, non-conformance by external parties such as subcontractors or suppliers, customer complaints or accidents. We also identify potential occupational and healthy safety hazards, conduct a risk assessment to assess its severity and likelihood, determine the risk control action plan, implement and review the plan. We conduct annual internal audits to ensure compliance with our system manual and procedures, and to highlight areas of non-compliance to our management team. Various programs are implemented to focus on selected areas of occupational health and workplace safety such as (i) hearing conservation

program; (ii) respiratory protection program; (iii) personal eye protection program; (iv) industrial dermatitis (skin) program; (v) work-related back injury and strain program; and (vi) heat stress prevention program.

Step 2: Assignment of the responsible party for action to be taken — A representative will be selected by the management team to lead the correction and prevention of the problem, and record the action taken under the corrective action register.

Step 3: Investigation of the root cause of the problem — Investigation is to be carried out, and involve discussion with relevant parties, review of historical records and analysis.

Step 4: Formulation of counter measures, corrective and preventive measures — The proposed measures are to be approved prior to implementation.

Step 5: Implementation of corrective and preventive measures — The actions are to be implemented, and documented in a corrective/preventive action log with its rectification and implementation dates.

Step 6: Monitoring of the effectiveness of the actions taken — The actions are thereafter reviewed for their effectiveness of preventing further similar occurrences.

D. Compliance with applicable legal and regulatory requirements

We identify and maintain a list of all applicable laws and regulations, and ensure that our employees as well as our suppliers and subcontractors comply with the applicable regulations. These regulations include the Workplace Safety and Health Act, Work Injury Compensation Act, Factories Act, Environmental Protection and Management Act, and Environmental Public Health Act.

E. Communication to all employees and stakeholders, including proper control of documents in our system manuals

We employ various communication tools to enforce and reinforce our QEHS system, specifically:

- i. Internal communication through orientation training for new employees, communication of objectives and targets, hazards and risks, emergency and response plans.
- ii. Toolbox meetings which are held to highlight hazards and risks specific to the job nature and project. These meetings are held on a regular basis to ensure that daily operations are carried out in a safe manner, including working on certain machinery and equipment, and the carrying out of certain works.

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- iii. Coordination meetings which are held as part of project management, and during which hazards are also highlighted and measures to eliminate hazards are discussed and implemented.
- iv. Committee meetings which are held for supervisory and management staff to more thoroughly investigate any accident, or for review of the adequacy of existing procedures.

Communication is also made with our suppliers, subcontractors and equipment vendors as appropriate when we first consider engaging their products or services. Subcontractors have to participate at the relevant project site meetings, including the toolbox meetings and safety committee meetings, held at varying frequencies from daily to monthly. Periodic inspections are also undertaken to review the safety compliance of our subcontractors at the project site, including compliance with safety procedures at the project site, the use of protective equipment and the availability of safety officers and trained workers.

Should customer request, we will also make available our quality and workplace safety procedures. Employees are also encouraged to suggest improvements to the existing procedures and are also consulted with should changes be made to the existing procedures.

All procedures, manuals and instructions have a document number, revision number and the effective date. Original copy is printed for approval by the representative that the management has assigned for the specific system. For changes to be made to existing documents, a request form for document change must be duly filled in, reviewed and approved. A master list of obsolete documents is also kept. Records as required to be documented as specified in the manual are to be maintained by the appropriate personnel for a period of one to five years, depending on the nature of the records.

The above occupation health and safety procedures will assist us to obtain our OHSAS 18001:2007 certification, which is a requirement for bizSAFE Star and our gradings in the BCA construction workheads. Some of our customers will look out for OHSAS 18001:2007 certification and/or bizSAFE Star when inviting contractors to tender, hence such certificates also provide us with a broader range of projects.

Employees' compensation claims

During the Track Record Period and up to the Latest Practicable Date, we recorded 9 work-related accidents which resulted in 11 employees' compensation claims. The obligation of reporting these accidents to the relevant authorities vests on the respective employer of the injured workers. The following table sets out the nature of the accidents involving the workers employed by our Group during the Track Record Period and up to the Latest Practicable Date:

Nature of accident	Number of accidents	Number of claims
Slip and fall	1	1
Struck by object	7	7
Car accidents	1	3
Total	9	11

Among the 11 employees' compensation claims, 9 were settled as at the Latest Practicable Date of which the total amount settled were approximately S\$46,000 which was fully covered by insurance and 2 outstanding employees' compensation claim as at the Latest Practicable Date of which quantum has yet to be ascertained but confirmed to be covered by our insurance. None of the 11 employees' compensation claims resulted in a common law claim for injury and compensation as disclosed in section headed "Business — Litigation". During the Track Record Period and up to the Latest Practicable Date, there were no claims involving workers of our subcontractors.

Our Group is required under the Work Injury Compensation Act, Chapter 354 of Singapore, to take out and has taken out a compulsory insurance policy in Singapore to provide for a liability under such claim. Therefore our Directors confirm that all such claims and outstanding claims are fully covered by our Group's insurance companies and would not result in any material impact on the financial position or results and operations of our Group.

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

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The following table sets out the workplace injury rates:

	Construction industry (Note 1)	Our Group
2015		
Workplace fatal injury rate per 100,000 employed person (Note 2)	5.4	—
Accident/Lost time injuries frequency rate (Note 3)	1.7	11
2016		
Workplace fatal injury rate per 100,000 employed person (Note 2)	4.9	—
Accident/Lost time injuries frequency rate (Note 3)	1.7	10

Notes:

- 1) This information is based on the Workplace Safety and Health Report 2016 published in February 2017 by the Workplace Safety and Health Institute, Singapore.
- 2) Workplace fatal injury rate is calculated as the occurrence of fatal accidents divided by the total number of employed persons for the year multiplied with 100,000.
- 3) Accident/Lost time injuries frequency rate is calculated as number of workplace accidents divided by the total number of man-hours worked multiplied by 1,000,000. Man-hours worked is assumed at 10 hours per day.

For the two years ended 31 December 2016, our Group recorded no fatal injuries and five and four accidents, with an accident/lost time injuries rate of 11 and 10 respectively. Although the aforesaid rates were higher than the construction industry, 8 out of the 9 accidents were minor injuries (please see details under the section headed “Business — Quality, environmental and occupational health and safety management system — Employees’ compensation claims”). After the occurrence of the aforesaid accidents, we have implemented additional measures such as securing construction materials with netting to prevent unwanted movement and falling of objects, providing toolbox to workers to keep their tools and small construction materials during climbing and moving at the construction sites and designate no-entry areas during lifting operations. We also engaged external party to conduct safety campaign with demonstrations on hand safety and work at height safety. Please also refer to the section headed “Risk factors — Our business involves inherent industrial risks and occupational hazards and the materialisation of such risks will affect our business operations and financial results”.

ENVIRONMENTAL MANAGEMENT SYSTEM

We have an environmental management system in place, which had last been audited on 31 August 2016 by an Independent Third Party. No non-conformity was noted in the audit. Subsequent to this audit, we were recommended for continued certification of our ISO 14001:2004 certification which will expire on 8 September 2018.

We have set the environmental targets of (i) no more than two environmental-related fines per year; and (ii) no more than two environmental-related complaints from clients per year. To achieve our targets, we put in place the following environmental control procedures which are applicable to all the activities, products and services of our Group:

1) Aspect and hazard identification

A procedure is established for ongoing and proactive identification of pollution and health hazards and assessment of the aspects and impacts on all routine and non-routine activities, projects, services, facilities, and covers all personnel having access to the workplace. From the assessments, the aspect and impact elements are considered in the setting of objectives, implementation of necessary control measures, determination of facility requirements, identification of training needs and monitoring of required actions.

2) Legal and other requirements

A procedure is established to identify, access and update the environmental management system, legal and other requirements that are applicable to our Group's activities. A controlled set of all relevant legal and other requirements shall be maintained and communicated to staff via job duty discussion or inclusion in the relevant operational control procedures.

3) Competence, training and awareness

A procedure is established for identifying training needs based on the awareness and competencies required at each level and function, and for providing ongoing training to the people whose work may create significant occupational health and environmental impacts.

4) Consultation and communication

A procedure is established to ensure effective dissemination of pertinent information related to the environmental management system within various corporate levels and functions.

5) Document control

A procedure is established to ensure appropriate documentation and control of all required documents under our Group's environmental management system.

6) Operational control

Operational control procedures have been developed for operations and activities where control measures need to be applied or where their absence could lead to deviations from the policy, objectives and targets. Relevant requirements have been communicated to suppliers and contractors through contracts or briefing sessions to ensure that the occupational environmental hazards related to their activities and services are effectively controlled.

7) Emergency preparedness and response

Plans and procedures to identify potential for and responses to the incidents and emergencies, and for preventing and mitigating the likely effects of environmental issues have been established. Drills are carried out to test and revise the procedure periodically.

8) Performance monitoring and measurement

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

9) Non-conformance, corrective and preventive action

To define responsibilities and authorities for handling and investigating non-conformances with respect to the environmental management system that result in the adoption of appropriate corrective and preventive actions to remedy the environmental impact, occupational health and safety risk encountered.

10) Records

To provide a guideline for handling of all relevant environmental management system records and ensure that such records are properly identified, maintained and disposed.

11) Internal audit

To define a systematic way of conducting internal audits on environmental, health and safety management systems to ensure that the established environmental management system conforms to the ISO 14001 requirements.

12) Management review

A procedure has been established to ensure that the environmental management system shall be reviewed at least once a year by our senior management.

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The specific environmental controls are taken in the following key areas:

- Noise control — ensuring that noise levels are kept within regulated limits, in particular at night, on Sunday and public holiday.
- Air pollution control — includes the control of dust, and exhaust from machinery.
- Water pollution control — includes the control of wastewater discharge from work activities.
- Waste management control — management of waste in accordance with its nature, such as industrial waste, for instance coolant, is to be appropriately disposed.
- Vector control — appropriate measures for pest control at the project site are to be taken.

During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any non-compliance with the environmental related laws in Singapore.

For the two years ended 31 December 2015 and 2016, the aggregate annual cost of compliance with applicable environmental laws and regulations in Singapore was approximately S\$1,000 and S\$8,000 respectively, and primarily consisted of pest control at our factories. Our Group expects that our annual costs incurred or to be incurred for compliance with applicable environmental laws, rules and regulations will be approximately S\$8,000 for the year ending 31 December 2017.

INSURANCE

We have a work injury compensation policy for all our manual and non-manual workers, as stipulated by MOM, renewed annually, as well as for our construction workers and workers for subcontractors if we are acting as main contractor or for subcontract as and when required by our main contractor which policy covers the duration of the project. Our work injury compensation policy in Singapore provides for a maximum limit of liability of medical expenses of up to S\$36,000 per accident per employee. We also have foreign worker medical insurance, as stipulated by MOM, renewed annually. We also have security bonds for our foreign workers which are required by MOM for new applications of their work permits. 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. Besides, we also have group hospital and surgical plan for our staff. In addition, we have purchased policies on machine and equipment all risks to cover claims in connection with fire, theft and accidental damage to our machines and equipment. As and when required, we also purchased policies on contractors' all risks to cover material damage and accidents relating to the specific project. Please refer to the section headed "Risk factors — Our insurance coverage may not be sufficient to cover all losses or potential claims from our customers which would affect our business, financial condition and results of operations".

BUSINESS

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. For the two years ended 31 December 2016, our total insurance premiums were approximately S\$161,000 and S\$148,000 respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made nor been the subject of any material insurance claims.

PROPERTY INTEREST

Leased properties

As at the Latest Practicable Date, we rented two properties for our head office, workers dormitories and factories from the Singapore's public housing authority as lessor, details of which are as follows:

Address	Leased area (approximate)	Monthly rent	Tenure
110 Woodlands Industrial Park E3, Singapore 757842	17,000 square feet	S\$10,450	Commencing from 1 July 2016 to 30 June 2017
		S\$11,050	Commencing from 1 July 2017 to 30 June 2019
64 Woodlands Industrial Park E9, Singapore 757833	43,000 square feet	S\$19,400	Commencing from 1 July 2014 to 30 June 2017 ⁽¹⁾

Note:

- (1) Our lessor is currently in the midst of finalising the rental renewal. Pending the renewal offer, our lessor will continue to charge us based on the existing contract rent. Any adjustment to the rent for shortfall/excess will be made retrospectively after the acceptance of the renewal offer.

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Owned properties

As at the Latest Practicable Date, we owned investment properties comprise of office units all of which have been rented out. The details of our leases are as follows:

Address	Leased area	Usage	Monthly rent	Tenure	Deposit
21 Woodlands Industrial Park E1, #03-05A, Singapore 757720	1,165 square feet	Warehouse/ factory/ office	S\$2,100	Commencing from 1 May 2016 to 30 April 2018	S\$4,200
21 Woodlands Industrial Park E1, #03-05B, Singapore 757720	1,100 square feet	Factory/ packing/ office	S\$1,700	Commencing from 16 July 2016 to 15 July 2018	S\$3,400
18 Sin Ming Lane, #07-40, Midview City, Singapore 573960	1,281 square feet	Factory/ office	S\$2,500	Commencing from 25 June 2016 to 24 July 2017	S\$2,429.90
18 Sin Ming Lane, #07-41, Midview City, Singapore 573960	133 square metres	Factory/ office	S\$2,675	Commencing from 15 June 2017 to 14 December 2017	S\$5,300
421 Tagore Industrial Avenue, #02-14, Tagore 8, Singapore 787505	278 square metres	Factory/ warehouse and office	S\$2,600	Commencing from 13 August 2016 to 12 August 2018	S\$5,200

All the above properties are leased to Independent Third Parties. For further details of the owned properties, please refer to Appendix III — Property valuation.

INTELLECTUAL PROPERTY RIGHTS

Domain name

As at the Latest Practicable Date, we are the registrants of the domain name www.gt-steel.com.sg.

Trademark

As at the Latest Practicable Date, we do not have any registered trademarks. Please refer to the section headed “Risk factors — We have not registered our intellectual property rights, and any allegations that we have infringed third parties’ intellectual property rights could have an adverse effect on our business, financial condition and results of operations”.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 119 full-time staff (including our Executive Directors but not our Independent Non-Executive Directors), of which approximately 16.0% were Singapore citizens and permanent residents and approximately 84.0% were foreign workers. All our staff are located in Singapore. Please refer to the section headed “Directors, senior management and employees — Employees” in this prospectus for details of breakdown of our employees.

Employee training

Our employees received training depending on their department and the scope of works. Typically they are required to attend trainings, from time to time, relating to our quality, environmental, health and safety policies, and courses required by the BCA and MOM.

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period, we did not have any dispute with our employees. Our employees are not members of any labour union.

During the Track Record Period, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any difficulties in the recruitment and retention of experienced staff.

Recruitment policies

Our Executive Directors will assess the available human resources on a continuous basis and will determine whether additional employees are required to cope with our business development. Our foreign workers are sourced and recruited through an Independent Third Party agency. The supply of foreign workers in Singapore is subject to various regulations and policies. In particular, the availability of foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local to foreign workers; and (ii) the quotas based on the man year entitlements (“MYE”) in respect of workers from non-traditional sources (“NTS”) and the PRC. The dependency ceilings for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. However, the quota may not apply to higher skilled foreign employees.

As at the Latest Practicable Date, our Group had a total of 19 full-time local workers and 95 foreign workers (excluding 5 employment pass holders). Based on the dependency ceiling ratio, the maximum number of foreign workers the Group can hire is 133, which means that we have headroom for 38 additional foreign workers as at the Latest Practicable Date. Please refer to the section “Regulatory overview” for details.

MARKET AND COMPETITION

The outlook for the construction sector up to 2030 will be largely driven by the Singapore government’s economic strategy and its plans for increased investment in critical infrastructure and industries to fuel the growth. The construction market in 2016 was slightly lower than predicted due to the rescheduling of some major projects into 2017. The government has predicted the overall construction market for 2017 to reach between S\$28 billion and S\$35 billion, compared with S\$26 billion spent in 2016. The government has further predicted that the construction market will range from S\$26 billion to S\$37 billion per annum from 2018 up to 2021, driven largely by public sector projects. All this critical infrastructure investment is likely to attract companies to set up new operations bases in Singapore, which is a natural hub in South-east Asia due to its geographic location. This investment from private companies will then create demand for new private industrial building projects. Hence once the current program of infrastructure projects is complete, the private industrial building sector can be expected to pick up.

The classification of steel fabricators in Singapore is administered by the Singapore Structural Steel Society with the support of BCA with the aim to identify the quality and calibre of the steel fabricators undertaking structural steelworks in the construction industry. Companies accredited in the category S1 (the highest category) are regarded as the leading players in the steelworks industry due to their track records in terms of the size and scope of the projects they have undertaken. Hence, the barriers to entry into the S1 category are relatively high and the players in this category can reasonably be expected to command significant market share of the construction projects in Singapore.

According to the Eco-Business Report, there are 29 companies with a steel fabricators’ accreditation listing of S1, out of which 11 companies are reckoned by industry players to be particularly active in the Singapore market. Out of these 11 companies, only 6 declared revenues of above S\$5 million.

Please refer to the section headed “Industry overview” of this prospectus for details.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed “Risk factors” in this prospectus. The following sets out the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

Continuity of order book

We recognise that our order book is critical to our financial performance and business sustainability. In this regard, we maintain good working relationship with main contractors of building projects in Singapore. We will also ensure that sufficient resources and capacities are made available whenever opportunities arise so as to constantly secure new projects to retain our position as one of the leading structural steelwork specialist in Singapore. Furthermore, with the proceeds from the Listing, our Group will increase our financial and operational capacities in order to expand the number of customers and take on more projects.

Project risk management

We have also established procedures for assessing and monitoring project risk. In our preparation of quotations and tendering of projects, our contracts department 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 our Executive Director, Mr. Ong and project director are needed before any submission of quotation. We are also mindful of not being over-reliant on any specific customer while weighing the benefits of certain higher value contracts such as whether they will improve our reputation and track record, gain new experience working on more complex projects and be effective in our resource management. For further details, please refer to “Project management and operations” and “Cost controls” in this section of the prospectus.

Risk of cost overruns

We need to estimate the cost of the supplies needed for the carrying out of our structural steelworks at the time of submitting our tender. We generally will obtain quotations from suppliers and/or subcontractors and their fees will only be fixed upon entering into a contract with them. For higher value contracts, we will require our suppliers and/or subcontractors to fix the price of materials and/or services at the quotation stage for a specified period of time to minimise the price fluctuation. We manage the risk of cost overruns by (i) buffering for inflation and possible cost increase during the duration of the contract; (ii) purchasing materials mainly based on the needs of specific contracts and (iii) fixing the price for a period of time or for a specific quantity with our suppliers for larger scale contracts.

Risk of loss of key personnel

Our Executive Directors will ensure that suitable and sufficient number of staff are properly appointed and assigned to manage each project. 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.

Quality control system

Please refer to section headed “Business — Quality control” above in this prospectus.

Environmental management system

Please refer to section headed “Business — Environmental management system” above in this prospectus.

Workplace safety and health system

Please refer to section headed “Business — Quality, environmental and occupational health and safety management system” above in this prospectus.

Credit management

During the tender or quotation phase, we will consider the creditworthiness of the customer and the key contract terms, including progress payment terms and retention money. We will also take into consideration the past payment history of our repeat customers. We generally grant a credit terms ranging from 30 to 60 days to customers upon issuance of invoice. For the two years ended 31 December 2016, the allowance for doubtful debts were approximately S\$109,000 and nil accounting for approximately 4.9% and nil of our gross trade receivables (excluding unbilled revenue and retention monies) for the corresponding period respectively. The collection of trade receivables mainly include monitoring the invoice due date by our finance department, and our Executive Directors reviewing the monthly accounts receivables aging. A monthly statement of accounts is also generated and sent to our customers. Legal actions will be taken if necessary.

In addition, we assess whether impairment of individual trade receivable balance at the end of each reporting period is adequately provided. We determine the provision for impairment of trade receivables on a case-by-case basis having regard to a number of factors, including the ageing of the receivable balance, results of follow-up procedures, customers’ credit history, customers’ financial position, and the current market condition. At the end of each reporting period, we assess whether there is objective evidence that each individual trade receivable is impaired.

As at 31 December 2015 and 2016, out of our trade receivables net of impairment (excluding unbilled revenue and retention receivables) of approximately S\$2.1 million and S\$3.2 million, approximately S\$0.1 million and S\$0.7 million respectively were past due but

not impaired. For further information, please refer to the section headed “Financial information — Discussion on selected balance sheet items — Trade receivables” in this prospectus.

The credit term granted by our suppliers is generally 30 to 60 days and payment to them is typically by bank transfer and cheque. For our subcontractors, we will pay their progress claims from immediate to 35 days upon receipt of their invoice, after netting off retention money and verification of the works undertaken in relation to the progress claim.

Liquidity risk management

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs which are typically incurred at an early stage of a contract before we receive payments from our customers and which are therefore required to be paid from our available financial resources, such as the costs of labours, supplies and/or subcontracting works. In addition, throughout the execution of a contract, we receive payments after the performance of our works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting works) that are also required to be paid from our available financial resources. In addition, contracts undertaken by us mainly have performance bonds and retention money requirements, which may also affect our liquidity position.

Further, our customers may take a longer time to review our progress claims and we may allow certain customers a longer credit term. We may decide to allow the aforementioned longer periods, after taking into consideration factors including but not limited to, the value of the relevant contract, the prospect of future contracts, the relationship with such customers and their past payment history.

Our Group manages such liquidity risk by monitoring our working capital to ensure that our financial obligations can be met when due by ensuring a healthy bank balances and cash as well as sufficient banking facilities for payment of our short-term working capital needs. Specifically, we have put in practice the following methods for managing liquidity risk:

- (i) Cash flow forecasting — We will assess our cash flow sufficiency for fulfilling our projects’ requirements from time to time, including monitoring the amount of works performed that can be submitted to our customers in a progress claim, the status of approval for progress claims submitted and the aging of our trade receivables. We will also monitor the amount of works performed by our subcontractors, and that which will be submitted to us in the form of progress claims, and track the date of such progress claim and our compliance with respect to the applicable regulations of the BCISPA for settlement of our subcontractors’ and suppliers’ invoices. Other than monitoring cash flow requirements for our projects, we will also monitor the cash flow requirements for other expenditure, such as the payment of staff salaries and the applicable taxes;

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- (ii) Working capital management — Our Executive Directors will monitor our working capital closely, including conducting regular meetings with our accounts and project teams to ensure that they are informed well in advance in case of any variance to the expected cash outflows and inflows;
- (iii) Debtors and creditors aging — We also monitor our trade receivables and its aging on a monthly basis and follow up closely with our customers. Further, we also monitor our trade payables and its aging monthly as well as monitoring our loan and finance lease payments to ensure that we fulfil our financial obligations on a timely basis;
- (iv) Use of debt financing and liquidity buffer — We also consider debt financing to meet both our long-term and short-term needs. We monitor the use of debt financing with respect to the duration of such financing, whether short-term financing such as trade financing, or longer term such as term loan, mortgage loan or finance leases. We maintain regular communication with our bankers to ensure that our financing needs are supported. We also maintain a certain amount of bank balances and cash at all times for buffer against unexpected cash outflow. We will maintain our bank balances and cash as well as trade financing amounting to approximately S\$2.0 million for working capital purpose.

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 operations director, project director and our Executive Directors for proper implementation and compliance.

Risk of labour shortage

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 and Bangladesh.

Regulatory and financial reporting compliance

Our company will comply with the regulatory and financial reporting compliance as set out in the GEM Listing Rules. We have recruited a finance manager on 16 June 2017 who will be responsible to oversee the regulatory and financial reporting compliance. Our finance manager has over 12 years of working experience in auditing and financial analysis in public accounting firms and a multinational corporation. Our finance manager is admitted as a member of the Association of Chartered Certified Accountants on 19 December 2007 and is a member of the Institute of Singapore Chartered Accountant since 29 November 2007.

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Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. We have established three board committees, namely, the audit committee, the nomination committee and the remuneration committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the section headed “Directors, senior management and employees — Board committees” in this prospectus. In particular, one of the primary duties of our audit committee is to review the effectiveness of our Company’s internal audit activities, internal controls and risk management systems. Our audit committee consists of all three of our Independent Non-Executive Directors, whose backgrounds and profiles are set out in the section headed “Directors, senior management and employees” in this prospectus.

In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed “Relationship with our Controlling Shareholders — Corporate governance measures” in this prospectus. Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance reports to be included in our annual reports after Listing.

Hedging measures

As our operations are based in Singapore, with revenue and costs of services denominated in S\$, we do not engage in foreign currency hedging activities nor have a hedging policy.

LITIGATION

During the Track Record Period and as at the Latest Practicable Date, we were involved in a number of litigations as tabled below:

Date filed	G-Tech Metal as	Counterparty	Nature	Status	Settlement amount (\$S)
29 May 2015 ⁽¹⁾	Defendant	Individual	Industrial accident	Concluded	57,285.80
3 September 2015 ⁽¹⁾	Defendant	Individual	Industrial accident	Concluded	Nil
19 April 2015	Defendant	Corporate	Sale of goods	Concluded	30,000.00
1 August 2016 ⁽¹⁾	Defendant	Individual	Motor accident	Concluded	18,360.77

Note:

(1) These litigations were related to accidents occurred prior to the Track Record Period.

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The individuals in the table above were our employees/ex-employees involved in accidents. The corporate case related to dispute over the quantum of payment for the supply of plywood, and this supplier was not our main supplier nor currently on our approved supplier list.

Our Executive Directors confirm that as at the Latest Practicable Date, no member of our Group was engaged in any litigation of material importance, and no litigation was known to our Directors to be pending or threatened against any member of our Group.

REGULATORY COMPLIANCE

Our Group was notified by MOM on 16 June 2016 that during an inspection carried out on 4 May 2016, certain areas of non-compliance under the Employment Act (Cap 91) of Singapore (“**Employment Act**”) as detailed below were identified. MOM regularly conducts spotchecks as part of its enforcement operations and we understand the abovementioned inspection to be of this nature:

Regulations	Details of non-compliance	Potential consequences of non-compliance	Reasons for non-compliance	Rectification	Number of employees affected	Period of non-compliance	Personnel responsible for ensuring compliance with rules and regulations
Section 21(1) of the Employment Act	Failure to pay employee salaries within 7 days from the last day of each salary period	Note 1	Longer time required to compute overtime charges led to delay in overtime salary payments, and payments for basic and overtime salaries were processed together (thus payments for basic salaries were also delayed)	Payments for basic salaries and overtime salaries were separated, and both payments were made in compliance with section 21(1) and 21(2) of the Employment Act	Average 85 workers per month	January 2015 to May 2016	Ms. Koh Siew Khing
Section 21(2) of the Employment Act	Failure to pay employee overtime salaries within 14 days from the last day of each salary period	Note 1			Average 82 workers per month	January 2015 to February 2016	Ms. Koh Siew Khing
Section 88 of the Employment Act	Failure to pay daily rated workers their gross rate of pay for paid public holidays	Note 2	Public holidays were not tracked due to limitation of new system implemented in January 2016, resulting in miscomputation of rate of pay for public holidays	Perform manual checking to ensure that workers are paid for public holidays	107 workers	January 2016 to September 2016	Ms. Koh Siew Khing

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Regulations	Details of non-compliance	Potential consequences of non-compliance	Reasons for non-compliance	Rectification	Number of employees affected	Period of non-compliance	Personnel responsible for ensuring compliance with rules and regulations
Section 38 of the Employment Act	Scheduled employees to work more than 44 hours in a week	Note 2	Previous work arrangement with the workers required them to work 6 days in a week, and thus hours worked beyond 44 hours but not more than 48 hours were not paid at 1.5 times the hourly basic rate of pay	The employment contracts with the workers were amended to abide to the prescribed working hours stated in section 38 of the Employment Act. Hours worked beyond the prescribed working hours were paid at 1.5 times the hourly rate	107 workers	January 2016 to May 2016	Ms. Koh Siew Khing
Section 38(4) of the Employment Act	Failure to pay employee overtime of no less than 1.5 times the hourly basic rate of pay	Note 2	Inadequate control over the scheduling of overtime hours and some workers failed to clock out at the end of the day which resulted in extra overtime hours recorded	Better control over the scheduling of overtime hours, including weekly roster, monthly reconciliation and close monitoring by the project managers to ensure that workers would not be deployed to work beyond the permissible hours	119 workers	January 2016 to September 2016	Ms. Koh Siew Khing and Mr. Wee Hian Yeong, our Operation Director
Section 36 of the Employment Act	Failure to provide employees with 1 rest day per week	Note 2	Rest day was not fixed on a certain day per week and inadequate tracking of rest days accumulated	Rest day was fixed on Sunday and workers were entitled to 2 days' basic rate for work performed on rest days	107 workers	January 2016 to September 2016	Ms. Koh Siew Khing

Notes:

- 1) Penalty: liable on conviction to a (i) fine of not less than S\$3,000 and not more than S\$15,000 or to imprisonment for a term not exceeding 6 months or both; and (ii) if the employer is a repeat offender, to a fine of not less than S\$6,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or both.
- 2) Penalty: liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or both.

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The qualifications of Ms. Koh Siew Khing and Mr. Wee Hian Yeong are stated in the section headed “Directors, senior management and employees” in this prospectus. Our Directors consider the appointment of Ms. Koh and Mr. Wee to oversee the compliance matters as stated in the table above to be an adequate and effective internal control measure. Neither Ms Koh nor Mr. Wee was involved in the abovementioned non-compliance incidents which are mainly related to human-resources management. Ms. Koh was an accountant of our Group during the occurrence of the relevant incidents and her focus was on the financial matters of the Group, whereas Mr. Wee Hian Yeong’s focus is on the effective execution of our projects and he was not aware of the non-compliance incidents with respect to scheduling of worker hours as these had not been flagged as overtime by the new payroll system implemented in 2016. We have also engaged an Independent Third Party firm that specialises in payroll advisory to keep our management updated on new regulatory and payroll best practices in the construction industry.

Notwithstanding the above, section 114 of the Employment Act provides that the Commissioner of Labour may in his discretion compound any such offence under the Employment Act as may be prescribed as being an offence which may be compounded by accepting from the person reasonably suspected of committing that offence a sum not exceeding S\$1,000.

On 20 July 2016, we were debarred by the MOM from applying for or being issued with new work passes for foreign workers until 17 October 2016. Subsequently, our application for S-Pass for the employment of a foreign worker was approved on 24 October 2016. During the debarment period, from 20 July 2016 to 17 October 2016, the Executive Directors confirmed that there were no financial impact as we did not require additional foreign workers during this period. Save as disclosed, there is no effect on the renewal of work passes for our current foreign workers, no composition of fine has been imposed or issued against us, no demerit points were issued to us during the Track Record Period and no action has been instituted against us for such non-compliance under the Employment Act by the relevant authority in Singapore as at the Latest Practicable Date.

Our Directors confirmed that the above non-compliance incidents are not intentional. They are due to the internal control deficiency, in particular our new payroll system implemented in January 2016 and the human resource executive whose employment with us has been terminated in May 2016. As both Ms. Koh Siew Khing and Mr. Wee Hian Yeong were not involved in the non-compliance incidents, our Directors consider Ms. Koh and Mr. Wee to be suitable to oversee the compliance after Listing. We had engaged an Independent Third Party firm, which was recommended by the MOM, to conduct a review of the areas of non-compliance noted by the MOM. Our rectification measures were implemented and risk levels assigned as “no risk” based on the review completed in December 2016. For the Listing, we engaged Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct a review of relevant MOM regulations for employment of foreign workers. Please refer to the following paragraph headed “Independent internal control assessor’s view”.

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Our legal advisers as to Singapore law believes that given the nature of the non-compliances as detailed above, and also assuming that such rectification measures are found to be satisfactory by the relevant authority based on (i) the review done by the Independent Third Party firm recommended by the MOM; and (ii) the view of the Internal Control Assessor (as defined below) in relation to the compliance with the Employment Act, it is unlikely that proceedings will be instituted against any of our Directors for such non-compliances, and that our Directors will not receive an imprisonment sentence for such non-compliances in the event that such an action is instituted against our Directors. Our Group has confirmed that the necessary rectification measures in respect of the non-compliances have been carried out and the internal control advisor has also tested the implementation of such rectification measures. Based on the foregoing and the aforementioned review of the areas of non-compliance by the Independent Third Party recommended by the MOM, and assuming such rectification measures are found to be satisfactory by the relevant authority, our legal adviser as to Singapore law is of the view that no further proceedings will be taken against G-Tech Metal in respect of the non-compliances under the Employment Act as detailed above.

Save as disclosed above, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has complied with all applicable Singapore laws, rules and regulations for our business activities and operations in Singapore (including obtaining all necessary permits and licences) in all material aspects and has not experienced any material disruption to our operations due to non-compliance.

Independent internal control assessor's view

We engaged Deloitte & Touche Enterprise Risk Services Pte Ltd (the “**Internal Control Assessor**”) in January 2017 to review the effectiveness of the implementation of our rectification measures in relation to the aforesaid non-compliances under the Employment Act as notified by the MOM. The Internal Control Assessor completed their review on 10 February 2017, and concluded that the overall internal control system is adequate and effective with respect to compliance with the specified clauses of the Employment Act. The Internal Control Assessor agreed on the rectification measures being adopted, as stated in the table shown in pages 157 and 158, and performed testing to ensure that these measures were effective. From October 2016, all the rectification measures were implemented effectively. No follow-up review was therefore required.

Directors' and the Sole Sponsor's views on internal control measures

Based on the advice of our legal advisers as to Singapore law as set out above and the additional rectification measures undertaken by our Group, our Directors and the Sole Sponsor consider that none of the non-compliance matters as mentioned above will have any material operational or financial impact on our operations. Given that (i) the non-compliance incidents disclosed above primarily occurred prior to the implementation of our rectification measures, and having considered (ii) the facts and circumstances leading to the non-compliances incidents whereby the incidents are not intentional due to internal control deficiency of the new payroll system implemented in January 2016, (iii) the integrity and character of our Directors where no fraud or dishonesty is involved, and (iv) our Group's

enhanced internal control measures to avoid recurrence of the non-compliance incidents had been effectively implemented including the engagement of an Independent Third Party firm that specialises in payroll advisory to keep our management updated on new regulatory and payroll best practices in the construction industry, our Directors and the Sole Sponsor are of the view that we have adequate and effective internal control procedures in place in accordance with the requirements under the GEM Listing Rules, and the past non-compliance incidents will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules. Save as disclosed above, we have obtained and currently maintain all necessary licences that are material to our business operations, and during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the applicable Singapore laws and regulations relating to our business operations in all material respects.

Indemnity from our Controlling Shareholders

Our Controlling Shareholders 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 “E. Other information — 1. Estate duty, tax and other indemnities” in Appendix V to this prospectus for further details of the Deed of Indemnity.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Board of Directors consists of two Executive Directors and three Independent Non-Executive Directors. The following table sets forth the information concerning our Directors and senior management:

Name	Age	Position	Date of joining	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Ong Cheng Yew (王清佑)	47	Chairman and Executive Director	June 2003	1 February 2017	Overall management, strategic planning and business development	Spouse of Ms. Koh Siew Khing
Ms. Koh Siew Khing (柯秀琴)	45	Executive Director	July 2003	1 February 2017	Responsible for financial and accounting	Spouse of Mr. Ong Cheng Yew
Independent Non-Executive Directors						
Mr. Tam Wai Tak Victor (譚偉德)	39	Independent Non-Executive Director	21 June 2017	21 June 2017	Chairman of the Audit Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Ms. Chooi Pey Nee (徐佩妮)	49	Independent Non-Executive Director	21 June 2017	21 June 2017	Chairwoman of the Remuneration Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Mr. Tan Yeok Lim (Chen Yulin) (陳煜林)	44	Independent Non-Executive Director	21 June 2017	21 June 2017	Chairman of the Nomination Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Senior Management						
Mr. Chelliah Thennavan	47	Project Director	15 January 2010	N/A	Responsible for the overall management of the structural steelworks projects	None
Mr. Wee Hian Yeong	62	Operation Director	1 January 2013	N/A	Responsible for the effective execution of steelworks projects	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Mr. Ong Cheng Yew (王清佑), aged 47, founder of our Group, was appointed as our Director on 1 February 2017 and re-designated as our chairman and Executive Director on 3 March 2017. Mr. Ong is also a founder and a director of G-Tech Metal since June 2003. Mr. Ong is responsible for our Group's overall management, strategic planning and business development. He has over 20 years of experience in the structural steelwork industry in Singapore. Prior to establishing G-Tech Metal in 2003, Mr. Ong established G-Technical Engineering and Trading as a partnership in October 1993, which was initially engaged in metal works and smaller structural steelworks. G-Technical Engineering and Trading had ceased registration on 14 December 2016. Mr. Ong also worked as an assistant project executive, involved in project management, in Everbesting Metal Works Pte. Ltd. in early 1990s. As Everbesting Metal Works Pte. Ltd. was in the business of undertaking metal works and minor construction works, Mr. Ong gained experience in the structural steelwork industry. He also worked as a technical assistant in Hitachi Chemical (S) Pte Ltd, a chemical manufacturer, in late 1980s. Mr. Ong graduated with GCE "O" level in December 1986, and also obtained certificate in July 2009 from BCA for successful completion of essential knowledge in construction regulations and management for licensed builders. Mr. Ong also obtained certificate of attendance for WSH bizSAFE level 1 workshop for company CEO and top management in March 2008 from SC2 Pte. Ltd., and certificate of successful completion of structural steel supervisor course in October 2006 from Singapore Structural Steel Society.

Mr. Ong was previously a director of the companies shown in the table below which were struck off and dissolved pursuant to section 344 of the Companies Act due to cessation of business:

Company	Place of incorporation	Principal business activities of the company	Date of incorporation	Date of dissolution
DJ E&C Pte. Ltd.	Singapore	Provision of general building engineering design and consultancy services	21 May 2013	19 December 2016
DJ Recycling Pte. Ltd.	Singapore	Recycling of metal waste and scrap	3 July 2013	19 December 2016
G-Technical Engineering & Construction Pte. Ltd.	Singapore	Pressing and roll-forming of metal and powder metallurgy	29 July 1998	19 February 2016
International Capital Links Pte. Ltd.	Singapore	Provision of business and management consultancy services	10 December 2003	4 October 2012

The above companies were solvent at their respective dates of dissolution.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Ong does not have any current or past directorships in any listed companies in the last three years. Mr. Ong is the spouse of Ms. Koh.

Ms. Koh Siew Khing (柯秀琴), aged 45, joined our Group as an accountant since July 2003 and was appointed as our Director on 1 February 2017 and re-designated as our Executive Director on 3 March 2017. She is a member of the nomination committee. Ms. Koh is mainly responsible for financial and accounting matters of our Group. Ms. Koh graduated as a Certified Accounting Technician of the Association of Chartered Certified Accountants in June 2008. Ms. Koh has approximately 10 years of experience in the structural steelworks industry. The following summarises Ms. Koh's professional experience prior to joining our Group:

Company name	Principal business activities of the company	Last/current position held	Period of services
Indeco M&E Engineering Pte. Ltd.	Provision of mechanical and engineering services	Accounts Assistant	June 1991 to April 1993
New Material International Pte. Ltd.	Trading of industrial products	Accounts Executive	April 1993 to April 1998
The Ngee Ann Kongsi	Charitable organisation in Singapore	Accounts Assistant	April 1998 to April 2012

Ms. Koh was previously a director of G-Technical Engineering & Construction Pte. Ltd., a private company incorporated in Singapore on 29 July 1998, prior to its dissolution. Due to cessation of business, G-Technical Engineering & Construction Pte. Ltd. was struck off and dissolved pursuant to section 344 of the Companies Act on 19 February 2016. The aforesaid company was solvent at the date of dissolution.

Ms. Koh does not have any current or past directorships in any listed companies in the last three years. Ms. Koh is the spouse of Mr. Ong.

Independent Non-Executive Directors

Mr. Tam Wai Tak Victor (譚偉德), aged 39, was appointed as our Independent Non-Executive Director on 21 June 2017. He is currently the chairman of the audit committee and a member of the remuneration and nomination committees. Mr. Tam graduated with a degree of Bachelor of Arts in accounting & finance (first class honours) from the University of Glamorgan (now known as the University of South Wales) in June 2001. He was

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

admitted as a fellow member of the Association of Chartered Certified Accountants in February 2010 and a member of the Hong Kong Institute of Certified Public Accountants in July 2005.

Mr. Tam has more than 14 years of experience in the field of auditing, accounting and financial management. The following table summarises Mr. Tam's recent professional experience:

Company name	Principal business activities of the company	Last/current position held	Responsibilities	Period of services
Ronald H.T. Lee & Co.	Provision of audit, tax and advisory services	Audit senior	Auditing, accounting and the preparation of tax computations and financial statements	January 2002 to February 2005
Grant Thornton	Provision of audit, tax and advisory services	Manager	Auditing and the preparation of financial statements	April 2005 to January 2010
BDO Limited	Provision of audit, tax and advisory services	Senior manager	Auditing and the preparation of financial statements	January 2011 to January 2013
Differ Group Holding Company Limited (whose shares are listed on the Main Board of the Stock Exchange) (Stock code: 6878)	Provision of guarantee services, express loan services, financial services, finance lease services and asset management business	Financial controller	Financial reporting and company secretarial services	January 2013 to present

Mr. Tam is also currently an independent non-executive director of Shun Wo Group Holdings Limited (stock code: 1591), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Chooi Pey Nee (徐佩妮), aged 49, was appointed as our Independent Non-Executive Director on 21 June 2017. She is currently the chairwoman of the remuneration committee and a member of the audit and nomination committees. Ms. Chooi has more than 23 years of professional experience in audit, dealing in securities, operations of fund management companies and compliance. Ms. Chooi will join Soochow Securities CSSD (Singapore) Pte. Ltd. as Vice President, Compliance & Admin on 1 July 2017.

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Ms. Chooi graduated from University of Malaya, Malaysia with a degree of Bachelor of Accounting in July 1993. The following table summarises Ms. Chooi's recent professional experience:

Company name	Principal business activities of the company	Last/current position held	Responsibilities	Period of services
Asiasons WFG Financial Ltd.	Provision of fund management services	Head of compliance	Responsibilities include assisting the CEO in overseeing compliance of operations under applicable laws and regulations as issued by the Monetary Authority of Singapore	August 2011 to February 2015
Infiniti Asset Management Pte. Ltd.	Provision of fund management services	Chief operating officer	Ensures smooth operations in fund management, licensing and compliance	March 2015 to December 2015
Four Seasons Asia Investment Pte. Ltd.	Provision of fund management services	Vice president, of compliance and internal audit	Responsibilities include compliance of operations under applicable laws and regulations as issued by the Monetary Authority of Singapore	July 2016 to June 2017

Ms. Chooi does not have any current or past directorships in any listed companies in the last three years.

Mr. Tan Yeok Lim (Chen Yulin) (陳煜林), aged 44, was appointed as our Independent Non-Executive Director on 21 June 2017. He is currently the chairman of the nomination committee and a member of the audit and remuneration committees. Mr. Tan has more than 20 years of working experience in police intelligence, shipyard/vessel, marine logistics and petroleum products, and is currently the director of business development at NIPO International Pte Ltd.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Tan graduated from Nanyang Technological University, Singapore with a degree of Bachelor of Engineering (Mechanical) (First Class Honours) in June 1996. The following table summarises Mr. Tan's recent professional experience:

Company name	Principal business activities of the company	Last/current position held	Responsibilities	Period of services
STX Pan Ocean Singapore Pte. Ltd.	Provision of shipping services	Project manager	Develop floating production storage and offloading platform, drill ship and offshore vessel development and support	July 2008 to July 2013
Tat Petroleum Pte. Ltd.	Supply of petroleum products	Chief operations officer	Overall stewardship of existing business units and development of new business	August 2013 to August 2015
NIPO International Pte Ltd	Supplier of coatings and new materials	Director, Business development	Establish research collaborations on new materials; also a shareholder	January 2016 to present

Mr. Tan was previously a director of United Chartering Pte. Ltd., a private company incorporated in Singapore on 26 July 2010, prior to its dissolution. Due to cessation of business, United Chartering Pte. Ltd. was struck off and dissolved pursuant to section 344 of the Companies Act on 7 January 2014. The aforesaid company was solvent at the date of dissolution.

Mr. Tan does not have any current or past directorships in any listed companies in the last three years.

Disclosure of relationships as required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in public listed companies in the three years prior to the Latest Practicable Date, nor did he/she possess any other major appointment or professional qualifications as at the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed "Substantial shareholders" and the section headed "C. Further information about our Directors and substantial shareholders" in Appendix V to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Save as disclosed in the prospectus, none of our Directors have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group. Please refer to Appendix V to this prospectus for further information about our Directors, including details of the interest of our Directors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particulars of their service contracts and remuneration.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

Senior management

Mr. Chelliah Thennavan, aged 47, joined our Group as senior project manager on 15 January 2010. Mr. Thennavan is currently our project director and is responsible for the overall management of the structural steelworks projects. Mr. Thennavan graduated from University of Madras, India with a Bachelor of Engineering (Mechanical Engineering) (First Class Honours) in December 1991. Mr. Thennavan has over 20 years of experience in the structural steelwork industry. The following summarises Mr. Thennavan's professional experience prior to joining our Group:

Company name	Principal business activities of the company	Last/current position held	Period of services
Dah Chong Industries Pte Ltd	Design and manufactures of pressure vessels, road tankers for oil & gas, trucks & trailers with all hydraulic features	QA/QC engineer	May 1994 to December 1995
Zedos United	Structural works and specialized construction	Production engineer	January 1996 to August 1997
LTH Engineering & Trading Pte Ltd	Provision of engineering and trading services	Senior project manager	September 1997 to January 2009

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Company name	Principal business activities of the company	Last/current position held	Period of services
Kong Hwee Iron Works & Construction Pte Ltd	Supply steel fabrication works	Senior project manager	February 2009 to December 2009

Mr. Thennavan has completed a course on construction project planning and scheduling using microsoft project by Singapore Contractors Association Limited (SCAL) and Singapore Polytechnic in October 2007. He has also completed a construction safety course for project managers by SCAL and SC2 Pte Ltd in July 2007.

Mr. Thennavan does not have any current or past directorships in any listed companies in the last three years.

Mr. Wee Hian Yeong, aged 62, joined our Group as senior operation manager on 1 January 2013. Mr. Wee is currently our operation director and is responsible for the effective execution of our structural steelworks projects. Mr. Wee has over 20 years of experience in the structural steelwork industry.

In 1993, Mr. Wee started his own business, L.T.H. Engineering and Trading Pte. Ltd. with the principal activity of building construction and engineering services prior to joining our Group. Mr. Wee obtained a full technological certificate in October 1982 from the City & Guilds of London Institute in Singapore.

Mr. Wee does not have any current or past directorships in any listed companies in the last three years.

COMPANY SECRETARY

Mr. Chan Hank, Daniel (陳恒), aged 42, was appointed as the company secretary of our Company on 3 March 2017. Mr. Chan is currently a partner at Michael Li & Co., the legal advisers to our Company as to Hong Kong laws. Mr. Chan has been the company secretary of Global Strategic Group Limited (stock code: 8007) since October 2016. He obtained his Bachelor of Laws and Bachelor of Commerce from Macquarie University, Sydney, Australia in April 2000. He is a practising solicitor and was admitted as a solicitor in Hong Kong in December 2003.

Mr. Chan does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Mr. Chan as the company secretary of the Company. Pursuant to paragraph F.1.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Ong as its contact point for Mr. Chan.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In view of Mr. Chan's experience in legal and company secretarial functions and with Stock Exchange rules and regulations, our Directors believe that Mr. Chan has the appropriate legal and company secretarial expertise for the purposes of Rule 5.14 of the GEM Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code in Appendix 15 to the GEM Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

Our Directors have attended a training in March 2017 regarding the on-going obligations and duties of a director of a listed company and fully understand such obligations and duties.

BOARD COMMITTEES

Audit Committee

Our Group established an audit committee on 21 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of all of the Independent Non-Executive Directors, namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tam is the chairman of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Remuneration Committee

Our Group established a remuneration committee on 21 June 2017 with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee consists of three members, namely Ms. Chooi Pey Nee, Mr. Tam Wai Tak Victor and Mr. Tan Yeok Lim (Chen Yulin). Ms. Chooi is the chairwoman of the remuneration committee.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group also established a nomination committee on 21 June 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The nomination committee consists of four members namely, Mr. Tan Yeok Lim (Chen Yulin), Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Ms. Koh Siew Khing. Mr. Tan is the chairman of the nomination committee.

The primary function of the nomination committee is to make recommendations to the Board to fill vacancies on the same.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Vinco Capital as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, among other things, advise our Company with due care and skill on the following matters:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares pursuant to Rule 17.11 of the GEM Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 119 full-time staff (including our Executive Directors), of which 19 were Singapore citizens and permanent resident employees and 100 were foreign employees (including site foreign workers and other employees). All our employees are based in Singapore.

The following sets forth the number of our staff in the respective functions of our Group (including our Executive Directors but not our Independent Non-Executive Directors) as at 31 December 2015, 31 December 2016 and the Latest Practicable Date:

	As at 31 December 2015	2016	As at the Latest Practicable Date
General management	4	4	4
Project department	21	17	14
Contract department	1	2	2
QA/QC department	6	4	4
Engineering department	5	5	5
Safety department	10	11	10
Administrative and finance department	7	6	8
Production department	1	1	1
Store/Maintenance department	2	2	1
Purchasing department	1	1	1
Logistics department	6	6	5
Foreign workers	<u>94</u>	<u>79</u>	<u>64</u>
Total	<u><u>158</u></u>	<u><u>138</u></u>	<u><u>119</u></u>

Our foreign workers are sourced and recruited through an Independent Third Party agency. The supply of foreign workers in Singapore is subject to various regulations and policies. Please see the section headed “Regulatory overview” in this prospectus for further details.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

As at the Latest Practicable Date, we have foreign workers hired under the construction sector. Their levy rates are of various tiers, based on MOM's definition of the proportion of foreign workers to the total workforce. The FWL for construction workers as at the Latest Practicable Date and the following year (subject to changes as and when announced by the Singapore government) is as tabled below:

Sector	Tier	Levy Rates (S\$) Higher skilled/Basic skilled, with effect from 1 July 2014	Levy Rates (S\$) Higher skilled/Basic skilled, with effect from 1 July 2015	Levy Rates (S\$) Higher skilled/Basic skilled, with effect from 1 July 2016	Levy Rates (S\$) Higher skilled/Basic skilled, with effect from 1 July 2017
Construction	Basic tier	300/550	300/550	300/650	300/700
	MYE-waiver	700/950	600/950	600/950	600/950

As seen in the table above, only the category basic tier for construction sector will have increased monthly FWL, from current S\$650, to S\$700 from 1 July 2017. Our foreign workers are engaged in our projects and the increased in their levy rates will affect our profitability. The estimated number of foreign workers under the "Basic tier — construction" category and the potential cost impact to our profitability for the respective periods are as follows:

	As at the Latest Practicable Date	From 1 July 2017
Number of foreign workers/estimated foreign workers under "Basic tier — construction"	53	53
Aggregate monthly levy fees for workers under "Basic tier — construction"	S\$34,450	S\$37,100

Based on the estimated number of foreign workers under the "Basic tier — construction" category as detailed in the table above and the levy rates in the respective period, the estimated annual levy fees are approximately S\$429,300 for the year ending 31 December 2017. As such our annual labour costs are estimated to increase by approximately S\$15,900 for the year ending 31 December 2017.

Our Group is subject to strict immigration policies in Singapore for our foreign workers. There is always the risk that the Singapore government will take steps to discourage the use of foreign workers, such as the increase of FWL, in order to protect the local workers. To mitigate the increasing expenses incurred with employing foreign workers, our Group will either hire skilled foreign workers (whose FWL are lower and who are normally more productive), or conduct regular in-house training and provides external training for unskilled foreign workers. After sufficient training, our Group would then apply to the BCA Academy to qualify them as skilled foreign workers so as to benefit from the lower FWL.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Out of the 119 staff members, one has a professional qualification, 2 have master's degrees, 17 have bachelor's degrees and 10 have diplomas.

Our Directors believe that the amount of expenditure incurred in relation to staff training during the Track Record Period as a percentage of our Group's total turnover has been insignificant. Training is provided to staff on an as-needed basis, and all foreign workers undergo safety orientation courses.

Relationships with our employees

During the Track Record Period, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any difficulties in the recruitment and retention of experienced staff. We believe we have a good working relationship with our employees.

Compensation of Directors and senior management

During the two years ended 31 December 2016, the aggregate amount of compensation paid (salary, allowances, discretionary bonuses and defined contribution) by our Company to our five highest paid individuals were approximately S\$0.5 million and S\$0.5 million, respectively.

Our Executive Directors are also employee of our Company and receives, in his/her capacity as employee of our Company, compensation in the form of salary and other allowances. Our Company reimburses our Directors for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to the operations of our Company.

During the two years ended 31 December 2016, the aggregate amount of compensation paid (fees, salaries, allowances, discretionary bonuses and defined contribution) by our Company to our Directors were S\$164,490 and S\$216,480, respectively.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities, workload, the time devoted to our Group, individual performance and performance of our Group. Details of the terms of the service contracts are set out in the paragraph headed "C. Further information about our Directors and substantial shareholders" in Appendix V to this prospectus.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group. The Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary bonus, other fringe benefits and defined contribution) payable by our Group to the Directors will be approximately S\$225,000 for the year ending 31 December 2017.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

None of our Directors waived or agreed to waive any emoluments during the Track Record Period. Save as disclosed in this paragraph headed “Compensation of Directors and senior management”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

Employees’ remuneration and benefits

Our employees are remunerated according to their job scope and responsibilities. Our local employees are also entitled to discretionary bonus depending on their respective performance. Our foreign workers are typically employed on one year basis depending on the period of their work permits, and subject to renewal based on their performance and are remunerated according to their work skills. Our Group provides medical insurance coverage for our foreign workers. Please refer to the section headed “Business — Insurance” in this prospectus for further information.

RETIREMENT BENEFIT SCHEME

Our Group participates in the mandatory provident fund for our employees in accordance with the Central Provident Fund Act, Chapter 36 of Singapore. In accordance with the aforesaid laws and regulations, our Group contributes an amount equivalent to a percentage of the employee’s wages, as stated in the table below:

Employee’s age (years)	Contribution rates from 1 January 2016 (%)	
	Employer’s contribution	Employee’s contribution
55 and below	17	20
Above 55 to 60	13	13
Above 60 to 65	9	7.5
Above 65	7.5	5

The contribution is only applicable to employees who are Singapore citizens or permanent residents. With effect from 1 January 2016, the contributions are subject to a maximum monthly wage of S\$6,000 and a maximum aggregate annual wage of S\$102,000.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue, our Controlling Shareholders, comprising Broadbville, an investment holding company wholly-owned by Mr. Ong, and Mr. Ong, are together entitled to control the exercise of the voting rights of 75% of the Shares eligible to vote in the general meeting of our Company. For details of Mr. Ong, please refer to the section headed “Directors, senior management and employees” in this prospectus. For details of Broadbville, please refer to the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus.

Save as disclosed above, there is no other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INTEREST OF CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

As at the Latest Practicable Date, Mr. Ong, one of our Controlling Shareholders, also held interest in (i) Li Poh Construction Pte. Ltd., a private limited company incorporated in Singapore on 22 August 2007, which is wholly-owned by Mr. Ong with Mr. Ong being its sole director and which mainly undertakes renovation works; and (ii) ITA Global Pte. Ltd., a private limited company incorporated in Singapore on 1 December 2011, which is owned as to 50% by Mr. Ong and 50% by Ms. Koh, the spouse of Mr. Ong, with Mr. Ong and Ms. Koh being its directors and which mainly produces concrete and other products made from cement and gypsum, which are to be used as construction materials. Neither Li Poh Construction Pte. Ltd. nor ITA Global Pte. Ltd. possesses the Specialist Builder (Structural Steelwork) Licence, which is necessary for the carrying out of specialist structural steelwork. During the Track Record Period, our Group seconded one of its project managers to Li Poh Construction Pte. Ltd. to assist in overall management of renovation projects of Li Poh Construction Pte. Ltd. on an as-need basis, which are not related to structural steelwork, and such arrangement has been discontinued since June 2016 (for details, please refer to the section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Other income” in this prospectus). Taking into account the principal businesses of Li Poh Construction Pte. Ltd. and ITA Global Pte. Ltd., as well as the nature of work performed by the aforementioned seconded staff, the Directors are of the view that the said companies owned by Mr. Ong and his spouse, Ms. Koh, are not related to, and are not in competition, either directly or indirectly, with our Group’s business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(i) Management independence

Our management and operational decisions are made by the Board and our senior management. The Board comprises two Executive Directors and three Independent Non-Executive Directors. Although Mr. Ong, one of our Controlling Shareholders, and his spouse, Ms. Koh also hold directorship in our Company, we consider that our Board and senior management will be able to function independently from our Controlling Shareholders and their respective close associates taking into account the following:

- (a) as at the Latest Practicable Date, no Executive Directors has overlapping roles or responsibilities in any business which competes or is likely to compete, either directly or indirectly, with our business;
- (b) each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her interest to exist;
- (c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum;
- (d) the Board has established an (i) audit committee; (ii) remuneration committee and (iii) nomination committee. Each committee includes Independent Non-Executive Directors so as to monitor the operation of our Group. Further, we believe that our Independent Non-Executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinion and professional advice in the decision-making process of the Board to protect the interests of our Shareholders; and
- (e) all our senior management members are independent from our Controlling Shareholders and their close associates. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders and their respective close associates.

(ii) Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders and their respective close associates. Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities including project department, contract department, production department and administrative and finance department; (ii) our Group has not shared our operational resources, such as customers and general administration resources with the Controlling Shareholders and/or their close

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

associates; (iii) our Group has also established a set of internal controls to facilitate the effective operation of its business; and (iv) as at the Latest Practicable Date, our Group had independent access to suppliers or customers of our Group, our Directors consider that our Group can operate independently from our Controlling Shareholders and their respective close associates from the operational perspective.

(iii) Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including financial and accounting management, invoicing and billing, human resources and information technology.

(iv) Financial independence

We are financially independent of our Controlling Shareholders and their respective close associates. We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group makes financial decisions according to our own business needs.

During the Track Record Period, Mr. Ong, one of our Controlling Shareholders, has provided financial assistance in the form of advances to our Group and personal guarantees in favour of two banks in Singapore, namely Bank A and Bank B, for the repayment obligations of G-Tech Metal under various banking facilities. All the advances due to Mr. Ong have been fully settled as at the Latest Practicable Date and the personal guarantee given by Mr. Ong in favour of Bank A will be fully released and replaced by corporate guarantee(s) to be provided by our Company and/or other member(s) of our Group upon Listing subject to, among other things, the conditions that Mr. Ong's direct or indirect shareholding interests in our Company shall not be less than 50% and Mr. Ong shall be and shall remain the chairman of our Board. According to the facility letter dated 5 October 2016 entered into between G-Tech Metal and Bank A, Bank A has offered to G-Tech Metal the facilities comprising overdraft facility, a 6 year term loan, letter of credit, trust receipt financing, shipping guarantee and banker's guarantee in the aggregate amount of S\$2,016,000, and a foreign exchange line with a notional principal limit of US\$500,000.

Furthermore, all outstanding amounts due to Bank B had been repaid as at the Latest Practicable Date by utilising, among other things, a new bank loan from another bank in Singapore, namely Bank C. Mr. Ong has also provided a personal guarantee in favour of Bank C, which shall be released and replaced by corporate guarantee to be provided by our Company upon Listing according to the facility letter entered into between G-Tech Metal and Bank C.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Regarding the covenants of specific performance to be given by Mr. Ong for the corporate guarantee(s) in favour of Bank A, such terms are required by Bank A and our Directors consider such terms to be commercially agreeable having taking into account the fact that (i) pursuant to the Rule 13.16A of the GEM Listing Rules, our Controlling Shareholdings, including Mr. Ong, would be subject to a lock-up undertaking which requires them not to dispose of any of their shares in our Company within the first 6 months after Listing and, within the following 6 months, not to dispose of their shares such that they would cease to be a controlling shareholder; and (ii) Mr. Ong has already been appointed as an executive Director and the chairman of our Board even if without Bank A's request. As such, the Directors consider the covenants of specific performance to be given by Mr. Ong would not compromise the financial independence of our Group and could be dealt with by way of disclosure, and we shall comply with the disclosure requirements pursuant to Rules 17.20 and 17.23 of the GEM Listing Rules as and when appropriate.

Save as disclosed above, our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

(v) No continuing connected transaction upon Listing

During the Track Record Period, except for certain advancement to/from our Controlling Shareholders and/or their respective close associates, which have already been fully settled as at the Latest Practicable Date, there was no non-exempt connected transactions or continuing connected transactions which would be required to be disclosed pursuant to the GEM Listing Rules. There will also be no continuing connected transaction between our Group and our Controlling Shareholders, their respective close associates and connected persons of our Company upon Listing.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Directors and our Controlling Shareholders has confirmed that, as at the Latest Practicable Date, none of them or their respective close associates has any interest in a business which competes or may compete, either directly or indirectly, with our Group's business, which would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

DEED OF NON-COMPETITION

To protect our Group from any potential competition, each of our Controlling Shareholders (collectively, the “**Covenantors**”), entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which each of the Covenantors has undertaken to our Company (for ourselves and as trustee of our subsidiaries) that, with effect from the date of Listing and during the term of the Deed of Non-competition (the “**Restricted Period**”), the Covenantors shall not and shall procure that their respective close associates (other than any member of our Group) shall not, (i) directly or indirectly engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group, including but not limited to the design, supply, fabrication and erection of structural steelworks for the construction of buildings, and the provision of machine installation and auxiliary services in structural steelworks projects in Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the “**Restricted Business**”); and (ii) directly or indirectly take any action which constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group’s customers, suppliers or personnel of any member of our Group. Such non-competition undertaking does not apply with respect to the holding of or any interest in, directly or indirectly, any shares in any company which conducts or is engaged in, directly or indirectly, any Restricted Business, provided that such shares are listed on a recognized stock exchange and:

- (a) the total number of such shares held by any of the Covenantors and/or their respective close associates does not amount to 10% or more of the issued shares of that class of such company in question; and
- (b) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets as shown in that company’s latest audited accounts.

Pursuant to the Deed of Non-competition, each of the Covenantors has further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the “**New Opportunity**”) identified by or offered to the Covenantors and/or any of their close associates (other than members of our Group) (the “**Offeror**”) is first referred to our Group in the following manner:

- (a) the Covenantors are required to, and shall procure their close associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to our Group, and shall give written notice to our Group of any New Opportunity containing all information reasonably necessary for our Group to consider whether (i) the New Opportunity would constitute competition with the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “**Offer Notice**”); and

- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from our Group declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the core business of our Company, or (ii) the Offeror has not received the notice from our Group within 30 Business Days from the receipt of the Offer Notice; the Offeror shall use its best endeavours to procure that such New Opportunity is offered to our Group on terms no less favourable than the terms on which such New Opportunity is offered to the Offeror. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to our Group in the manner as set out above.

Upon receipt of the Offer Notice, our Group will seek opinions and decisions from our Independent Non-Executive Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with the core business of our Group, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Our Independent Non-Executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the option for the new business opportunities. In assessing whether or not to exercise the option, our Independent Non-Executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, the business and the legal, regulatory and contractual landscape and form their views based on the best interest of the Shareholders and our Company as a whole, and if necessary, our Independent Non-Executive Directors will consider to engage an independent third party professional valuer, at the cost of our Company, to evaluate the business opportunity. Our Independent Non-Executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with the exercise of the option for the business opportunity.

The obligations of the Covenantors under the Deed of Non-competition will remain in effect until: (i) the date on which the Shares cease to be listed on the Stock Exchange; or (ii) the date on which the Covenantors and their close associates, individually or collectively, cease to own 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as controlling shareholder (as defined under the GEM Listing Rules) of our Company and does not have power to control the board of directors of our Company; whichever occurs first.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- the Independent Non-Executive Directors will review, on an annual basis, the compliance with the non-compete undertaking by our Controlling Shareholders under the Deed of Non-competition;
- our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to provide all information necessary for the Independent Non-Executive Directors to review our Controlling Shareholders' compliance with and the enforcement of the Deed of Non-competition;
- our Company will disclose decisions on matters reviewed by the Independent Non-Executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company or by way of announcements;
- our Controlling Shareholders will make annual declaration on compliance with their undertakings, representations and warranties under the Deed of Non-competition for disclosure in our Company's annual reports and endeavours to ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders' approval requirements.

With the corporate governance measures set out above, our Directors believe that the interest of our Shareholders will be protected.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons were expected to have interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Interests or short positions in our Company

Name of interested party	Capacity/Nature of interest	Shares held immediately following completion of the Share Offer and the Capitalisation Issue	
		Total number <i>(Note 1)</i>	Percentage
Broadbville	Beneficial owner <i>(Note 2)</i>	360,000,000 (L)	75%
Mr. Ong	Interest of controlled corporation <i>(Note 2)</i>	360,000,000 (L)	75%
Ms. Koh	Interest of spouse <i>(Notes 2, 3)</i>	360,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the relevant shares.
2. The entire issued share capital of Broadbville is beneficially owned by Mr. Ong who is deemed to be interested in all the Shares held by Broadbville by virtue of the SFO. Mr. Ong is a Controlling Shareholder and an Executive Director of our Company.
3. Ms. Koh is the spouse of Mr. Ong and is deemed to be interested in the Shares indirectly held by Mr. Ong through Broadbville. Ms. Koh is an Executive Director of our Company.

Save as disclosed in this prospectus, our Directors are not aware of any other person who will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any of our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
<i>Issued and to be issued, fully paid or credited as fully paid:</i>	
10,000 Shares in issue as at the date of this prospectus	100
Shares to be issued pursuant to the Capitalisation Issue	3,599,900
359,990,000	3,599,900
60,000,000 Shares to be issued pursuant to the Public Offer	600,000
60,000,000 Shares to be issued pursuant to the Placing	600,000
<u>480,000,000</u>	<u>4,800,000</u>
Total issued Shares upon completion of the Share Offer and the Capitalisation Issue	

Assumptions

The above table assumes the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto are made as described herein. It takes no account of any Shares which fall to be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to Directors as referred to below or otherwise.

Minimum public float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

Ranking

The Offer Shares will rank equally with all Shares now in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE CAPITAL

General mandate to allot and issue Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with Shares not exceeding:

- (a) 20% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (b) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred below,

provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be issued pursuant to the approval herein as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly.

The allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association or on the exercise of any options which may be granted under the Share Option Scheme do not generally require the approval of the Shareholders in general meeting and the total nominal value of the Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate will expire at the earliest of:

- the conclusion of our Company's next annual general meeting;
- the date by which the next annual general meeting of our Company is required by the Articles or any laws applicable to our Company to be held; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed "A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 21 June 2017" in Appendix V to this prospectus.

General mandate to repurchase Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under

SHARE CAPITAL

the Share Option Scheme), provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum amount of Shares that may be repurchased pursuant to the approval herein as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “6. Repurchases by our Company of our own securities” in the section headed “A. Further information about our Company” in Appendix V to this prospectus.

The general mandate to repurchase Shares will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the date by which the next annual general meeting of our Company is required by the Articles or any applicable law of the Cayman Islands to be held; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please refer to the paragraphs headed “3. Written resolutions of our sole Shareholder passed on 21 June 2017” and “6. Repurchases by our Company of our own securities” in the section headed “A. Further information about our Company” in Appendix V to this prospectus.

Share Option Scheme

Pursuant to the written resolutions of our sole Shareholder passed on 21 June 2017, we conditionally adopted the Share Option Scheme. Summary of the principal terms of the Share Option Scheme is set out in the section headed “D. Share Option Scheme” in Appendix V to this prospectus.

Circumstances under which general meeting and class meeting are required

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meetings or class meetings is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in “Summary of the constitution of our Company and the Cayman Islands company law” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under “Risk factors” and elsewhere in this prospectus.

OVERVIEW

We design, supply, fabricate and erect structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore since 2003. For the two years ended 31 December 2016, our total revenue was approximately S\$36.0 million and S\$22.0 million respectively while our profit and other comprehensive income for the year was approximately S\$2.9 million and S\$3.2 million respectively, representing a growth rate of approximately 12.5%.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 1 February 2017 and became the holding company of G-Tech Metal pursuant to the Reorganisation completed on 21 June 2017, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus. The financial information of our Group has been prepared as if our Company had been the holding company of Chirton Investments and G-Tech Metal throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group’s financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below:

Pipeline of construction projects and our order book

Our projects are contracted on a project-basis and come mainly from invitations to quote or tender from customers. Our projects are typically awarded through a competitive process. Our tender success rates were approximately 30.0% and 25.3% for each of the two years ended 31 December 2016 respectively. Our tender success rate depends on various factors, such as our pricing and tender strategy, customers’ tender/quotation evaluation standards, our competitors’ pricing and tender strategy, and the level of competition. Our tender/quotation success rate and our order book will affect our financial position and performance.

Timing of projects and percentage completed

Our revenue from structural steelworks is recognised by reference to the stage of completion, and billing is based on approved monthly progress claims. As such, our revenue is dependent not only on the number of projects, its contract value, but also on the amount of works completed. Hence, the number of contracts and progress of each contract we undertake in any period will affect our results of operations and lead to fluctuations in revenue recognised from period to period. For more information on the revenue recognition, please see the Note 4 of the Accountants' Report set out in Appendix I to this prospectus.

Pricing of our projects

One of our key drivers to our Group's profitability is our pricing. The budgeted gross profit margin to be earned from the project will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, our capacity and resources (including factoring in costs of additional workers and engagement of subcontractors when our utilisation is expected to be high), prevailing market price, indicative pricing of our materials and subcontracting works, and our past experience in tendering for similar projects. For further details, please refer to section headed "Business — Pricing" in this prospectus. The gross profit margin that we can get from a contract will vary in part, based on our pricing and each contract will result in a different gross profit margin. Where additional scope of works are added or omitted, it may also affect the overall margin of a project. Our gross profit margins for the two years ended 31 December 2016 amounted to approximately 17.5% and 28.7%, respectively. Our pricing directly affects our revenue and cash flows.

Staff cost

Staff cost is the largest component of our administrative expenses and a major component of our cost of services during the Track Record Period. Staff costs directly related to our projects are factored into our tender price. Staff cost comprises salaries, contributions to the Central Provident Fund as stipulated by regulations, and also costs related to the employment of foreign workers. As our operations are fairly labour intensive, staff cost is a significant factor of our financial performance.

Fluctuation in cost of services

Our cost of services mainly comprises (i) subcontracting costs; (ii) materials costs; (iii) rental of machineries for lifting and transportation of steel structures; and (iv) staff costs. We mainly engage suppliers in Singapore and our main materials are steel parts such as steel beams, steel columns and steel bars. We may engage subcontractors for part of certain contracts secured by us, for instance, to provide certain services such as galvanizing works, painting and electrical works which we do not typically provide in-house. Please refer to section headed “Business — Suppliers” and “Business — Subcontractors” for further details on our suppliers and subcontractors.

As part of our project risk management policy, we manage the cost fluctuations by (i) buffering for inflation and possible cost increase during the term of the contract; (ii) purchasing materials mainly based on the needs of specific contracts; and (iii) fixing the price for a period of time or for a specific quantity with our suppliers for larger scale contracts. Notwithstanding our management of costs, any material fluctuation in our cost of services may adversely impact our financial performance.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our subcontracting costs and material costs (being the major components of our cost of services) on our profit before taxation and profit for the year during the Track Record Period. The hypothetical fluctuation rate for subcontracting costs is set at 62%, being the decrease of our subcontracting costs during the Track Record Period. The hypothetical fluctuation rates for material costs are set at 6% and 76%, which correspond to the approximate minimum and maximum annual percentage changes in the steel price from 2013 to 2017 as stated in the Eco-Business Report (see “Industry overview — Overview of steel demand and supply and historical price trends” in this prospectus) as steel is our main material and contributed over 80% of our materials costs and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for staff costs are set at 3% and 5%, which correspond to the approximately minimum and maximum percentage changes in annual wages in the construction industry in Singapore from 2013 to 2015 as stated in the Eco-Business Report (see “Industry overview — Impact of staff costs on the construction sector in Singapore” in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis.

FINANCIAL INFORMATION

Hypothetical fluctuations in our subcontracting costs	+ 62%	-62%
	S\$	S\$
Increase/decrease in profit before taxation (Note 1)		
Year ended 31 December 2015	-7,722,792	+ 7,722,792
Year ended 31 December 2016	-2,967,052	+ 2,967,052
Increase/decrease in profit for the year (Note 2)		
Year ended 31 December 2015	-6,409,917	+ 6,409,917
Year ended 31 December 2016	-2,462,653	+ 2,462,653
Hypothetical fluctuations in our material costs	+ /-6%	+ /-76%
	S\$	S\$
Increase/decrease in profit before taxation (Note 1)		
Year ended 31 December 2015	-/+ 520,623	-/+ 6,594,563
Year ended 31 December 2016	-/+ 271,937	-/+ 3,444,535
Increase/decrease in profit for the year (Note 2)		
Year ended 31 December 2015	-/+ 432,117	-/+ 5,473,488
Year ended 31 December 2016	-/+ 225,708	-/+ 2,858,964
Hypothetical fluctuations in our staff costs	+ /-3%	+ /-5%
	S\$	S\$
Increase/decrease in profit before taxation (Note 1)		
Year ended 31 December 2015	-/+ 86,565	-/+ 144,275
Year ended 31 December 2016	-/+ 98,955	-/+ 164,926
Increase/decrease in profit for the year (Note 2)		
Year ended 31 December 2015	-/+ 71,849	-/+ 119,748
Year ended 31 December 2016	-/+ 82,133	-/+ 136,888

Notes:

- (1) Our profit before taxation was approximately S\$3.0 million and S\$3.4 million for the two years ended 31 December 2016 respectively.
- (2) Our profit for the year was approximately S\$2.9 million and S\$3.2 million for the two years ended 31 December 2016 respectively.

FINANCIAL INFORMATION

Breakeven analysis

Breakeven is defined as no profit or loss before taxation is being derived.

For the year ended 31 December 2015, it is estimated that we would record a breakeven with (i) an increase in approximately 23.8% in our subcontracting costs; (ii) an increase in approximately 34.2% in our material costs or (iii) an increase in approximately 102.8% in our staff costs, holding all other variables constant.

For the year ended 31 December 2016, it is estimated that we would record a breakeven with (i) an increase in approximately 71.0% in our subcontracting costs; or (ii) an increase in approximately 75.0% in our material costs or (iii) an increase in approximately 103.0% in our staff costs, holding all other variables constant.

Changes in laws and regulations governing the construction industry in Singapore

Our business is governed by the various laws and regulations in Singapore, as summarised in the section headed “Regulatory overview” in this prospectus. Changes in laws and regulations governing our business may affect our profitability and financial performance, such as the change in foreign worker levy rates will affect our cost.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs. The significant accounting policies adopted by our Group are set forth in detail in Note 4 to the Accountants’ Report set out in Appendix I to this prospectus.

Some of the accounting policies involve judgments, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in Note 5 to the Accountants’ Report set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

BILLING AND PAYMENT PROCESSES AND HOW THEY ARE ACCOUNTED FOR IN OUR FINANCIAL STATEMENTS

Please see below an illustration as to how billing and payment processes are accounted for in our financial statements:

Work done, progress claim not made/submitted for customers' approval	Progress claim approved by customer, with receipt of payment certificate	Invoice is prepared and issued to customer	Settlement
<ul style="list-style-type: none">• Revenue recognised based on the stage of completion• Amount due from customers for construction works increases⁽¹⁾	<ul style="list-style-type: none">• Unbilled revenue will be recorded• Amount due from customers for construction works will decrease by the same amount	<ul style="list-style-type: none">• Trade receivable will be recorded• Unbilled revenue will decrease by the same amount	<ul style="list-style-type: none">• Bank balances and cash will be recorded• Trade receivable will decrease by the same amount

Note:

- (1) Amount due from customers for construction works = amount of contract costs incurred + recognised profit – recognised loss (if any) – progress claims approved by customers

As can be seen from the illustration above, the amount due from customers for construction works will be reduced after our progress claim is approved by the customers, and a payment certificate is issued by the customers to us.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following is a summary of the combined statements of profit or loss and other comprehensive income of our Group for each of two years ended 31 December 2016 respectively, derived from the Accountants' Report set out in Appendix I to this prospectus.

S\$	For the year ended 31 December	
	2015	2016
Revenue	35,968,343	22,003,922
Cost of services	<u>(29,689,389)</u>	<u>(15,684,125)</u>
Gross profit	6,278,954	6,319,797
Other income	407,579	298,202
Other gains	12,458	24,515
Selling expenses	(309,877)	(212,213)
Administrative expenses	(3,097,278)	(2,893,379)
Other expenses	(251,500)	(14,890)
Finance costs	<u>(74,086)</u>	<u>(124,691)</u>
Profit before taxation	2,966,250	3,397,341
Income tax expense	<u>(90,469)</u>	<u>(163,321)</u>
Profit and other comprehensive income for the year	<u><u>2,875,781</u></u>	<u><u>3,234,020</u></u>

PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue from the provision of structural steelworks are recognised based on the stage of completion if the recognition criteria are met. The stage of completion of a contract is measured by contract costs incurred to date as compared to the estimated total contract costs. For our installation and auxiliary services, revenue is recognised when they are provided.

Our revenue amounted to approximately S\$36.0 million and S\$22.0 million generated mainly from 21 projects and 29 projects for the two years ended 31 December 2016 respectively. We derive our revenue mainly from the provision of structural steelworks for technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore. Our projects for the two years ended 31 December 2016 are mainly in the private sector.

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Cost of services

Cost of services include costs that are related directly to our contracts which comprise of subcontracting costs, materials costs, rental of machineries, staff costs and overheads which amounted to approximately S\$29.7 million and S\$15.7 million for the two years ended 31 December 2016 respectively. The table below sets forth a breakdown of our cost of services by nature and percentage contribution to total cost of services for the periods indicated.

	For the year ended 31 December			
	2015		2016	
	<i>S\$</i>	<i>% to cost of services</i>	<i>S\$</i>	<i>% to cost of services</i>
Subcontracting costs	12,456,116	42.0%	4,785,568	30.5%
Materials costs	8,677,057	29.2%	4,532,283	28.9%
Rental of machineries	4,635,844	15.6%	1,851,449	11.8%
Staff costs	2,885,492	9.7%	3,298,510	21.0%
Overheads	<u>1,034,880</u>	<u>3.5%</u>	<u>1,216,315</u>	<u>7.8%</u>
Total	<u>29,689,389</u>	<u>100.0%</u>	<u>15,684,125</u>	<u>100.0%</u>

A further breakdown of material costs is indicated in the table below:

	For the year ended 31 December			
	2015		2016	
	<i>S\$</i>	<i>% to materials costs</i>	<i>S\$</i>	<i>% to materials costs</i>
Steel materials	7,792,276	89.8%	3,894,281	85.9%
Hardware and tools	497,943	5.7%	412,982	9.1%
Welding materials	205,970	2.4%	155,584	3.4%
Others	<u>180,868</u>	<u>2.1%</u>	<u>69,436</u>	<u>1.6%</u>
Total	<u>8,677,057</u>	<u>100.0%</u>	<u>4,532,283</u>	<u>100.0%</u>

Our cost of services during the Track Record Period comprised subcontracting costs for services, materials costs, rental of machineries and equipment, staff costs and overheads.

FINANCIAL INFORMATION

Generally, we engaged outside subcontractors to perform galvanizing works, painting, electrical works and general subcontracting and subcontracted steel fabrication works. Subcontracting cost represents the services fee paid to external subcontractors for provision of the above services. It substantially decreased from approximately S\$12.5 million for the year ended 31 December 2015 to approximately S\$4.8 million for the year ended 31 December 2016. This was mainly due to the decrease in our revenue in 2016 as a result from a higher percentage of completion of a project for technological plants from Customer A in 2015. As a percentage to total revenue, subcontracting costs decreased from approximately 34.6% for the year ended 31 December 2015 to 21.7% for the year ended 31 December 2016. This was mainly due to our project for technological plants with Customer A where the project required subcontractors to be engaged to support our steel fabrication, and general subcontracting works to support our on-site works.

Our material costs mainly comprised steel materials, hardware and tools and welding materials. It decreased from approximately S\$8.7 million for the year ended 31 December 2015 to approximately S\$4.5 million for the year ended 31 December 2016. Steel materials remained relatively stable at approximately 89.8% and 85.9% of our total cost of materials for the year ended 31 December 2015 and 2016 respectively. Our usage of materials fluctuated based on the requirements of our projects during the Track Record Period, and material costs decreased mainly due to decrease in revenue as aforesaid.

Rental of machineries represented the rental expenses of forklifts and scissor lifts, and transport machineries such as lorry cranes. It decreased from approximately S\$4.6 million for the year ended 31 December 2015 to approximately S\$1.9 million for the year ended 31 December 2016. This was mainly due to decrease in revenue as aforesaid.

Staff costs represented the cost for staff directly involved in our projects. It increased from approximately S\$2.9 million for the year ended 31 December 2015 to approximately S\$3.3 million for the year ended 31 December 2016 due to increase in foreign levy as a result of the increase in the foreign levy rates for foreign workers classified under basic tier from S\$550 per month per worker since 1 July 2015 to S\$650 per month per worker since 1 July 2016.

Overheads comprised depreciation of property, plant and equipment, rental of factories, inspection and testing fees and project insurance. Our overhead expenses increased from approximately S\$1.0 million for the year ended 31 December 2015 to approximately S\$1.2 million for the year ended 31 December 2016, which was mainly due to increase in inspection and testing fees consistent with the increase in the number of projects undertaken by us from 21 projects for the year ended 31 December 2015 to 29 projects for the year ended 31 December 2016.

FINANCIAL INFORMATION

Gross profit

Our gross profit was approximately S\$6.3 million and S\$6.3 million for the two years ended 31 December 2016 respectively. The following table set forth our gross profit and gross profit margin for the two years ended 31 December 2016 respectively:

	For the year ended 31 December 2015			For the year ended 31 December 2016		
	Revenue recognised	Gross profit	Gross profit margin <i>Approximate</i>	Revenue recognised	Gross profit	Gross profit margin <i>Approximate</i>
	S\$	S\$	%	S\$	S\$	%
Structural steelworks	<u>35,968,343</u>	<u>6,278,954</u>	<u>17.5%</u>	<u>22,003,922</u>	<u>6,319,797</u>	<u>28.7%</u>

Our gross profit and gross profit margin are dependent on our pricing strategy. When preparing for project tenders or quotations, there will be a project budget with an estimate of the budgeted gross profit margin to be earned from the projects. Please refer to section headed “Business — Pricing” for further details.

Despite our revenue decreased for the year ended 31 December 2016, our gross profit slightly increased by approximately S\$41,000, and our gross profit margin increased to approximately 28.7%. This was because we recorded a lower gross profit margin from a project for technological plants from Customer A with a contract value of approximately S\$25.8 million which contributed to approximately 61.0% of our revenue. Please also refer to the section headed “Financial information — Period to period comparison of results of operations” below for further details.

Other income

The table below sets forth a breakdown of our other income for the period indicated.

S\$	For the year ended 31 December	
	2015	2016
Management fee income	120,000	70,000
Accommodation income	122,661	—
Insurance claim receipt	35,757	50,107
Government grants	26,841	50,206
Rental income	64,509	105,502
Sundry income	<u>37,811</u>	<u>22,387</u>
Total other income	<u>407,579</u>	<u>298,202</u>

FINANCIAL INFORMATION

During the Track Record Period, our other income comprised: (a) management fee income, which represents the secondment of our project manager to a related company; (b) accommodation income which represents the charges to our subcontractors or suppliers for providing dormitory to their workers; (c) insurance claim receipt in relation to medical fees and medical leaves for injured employees; (d) government grants, which mainly included special employment credits (see “Regulatory overview — Special Employment Credit (“SEC”)” in this prospectus), temporary employment credits (see “Regulatory overview — Temporary Employment Credit (“TEC”)” in this prospectus) and mechanisation credit scheme which defrays the cost of technology adoption by companies to improve productivity; (e) rental income of our investment properties (see “Business — Property interest — Owned properties” in this prospectus); and (f) sundry income, which represents ad-hoc income such as reimbursement of maintenance fee from a tenant of one of our investment property and proceeds from recycled materials. The related company referred to in (a) above refers to Li Poh Construction Pte. Ltd., which is a private limited company incorporated on 22 August 2007 in Singapore which is in the business of undertaking renovation works. It is wholly-owned by Mr. Ong, who is also its sole director. The secondment referred to the secondment of one project manager who assisted in overall management of renovation projects of Li Poh Construction Pte. Ltd. on an as-need basis and such arrangement has been discontinued since June 2016.

Other gains

Other gains mainly refer to gain on disposal of property, plant and equipment.

Selling expenses

The following table sets forth a breakdown of our selling expenses for the period indicated:

S\$	For the year ended 31 December	
	2015	2016
Upkeep of motor vehicles	159,914	130,021
Entertainment	20,638	12,429
Freight	31,916	4,693
Transport	69,065	50,297
Others	<u>28,344</u>	<u>14,773</u>
Total selling expenses	<u>309,877</u>	<u>212,213</u>

Our selling expenses amounted to approximately 0.9% and 1.0% of our total revenue for the two years ended 31 December 2016 respectively and mainly included transportation related costs, entertainment and upkeep of motor vehicles.

FINANCIAL INFORMATION

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

S\$	For the year ended 31 December	
	2015	2016
Staff costs	1,597,825	1,468,066
Staff welfare	186,377	75,576
Depreciation	358,555	353,596
Repair and maintenance	240,728	214,951
Utilities and telecommunications	139,376	138,045
Director's remuneration	164,490	216,480
Licence and processing fee	103,538	44,471
Insurance	60,687	60,457
Other miscellaneous expenses	245,702	321,737
Total administrative expenses	3,097,278	2,893,379

Our administrative expenses amounted to approximately 8.6% and 13.1% of our total revenue for the two years ended 31 December 2016 respectively.

Staff costs included staff salaries and bonus, CPF contributions and other staff benefits. Staff welfare comprised mainly medical fees and staff benefits. Depreciation represented depreciation of our investment properties and property, plant and equipment not directly used in our projects. Repair and maintenance represented expenses in relation to the repair and maintenance of our motor vehicles and plant and machineries. Utilities and telecommunications included water, electricity, telephone and internet charges. Licence and processing fee included fees for our factory licences, ISO certifications and inspection fee for our machines and equipment. Insurance included group hospital and surgical plan for our administrative staff. Other miscellaneous expenses included training fee, donation, audit and other professional fees, printing, postage and stationery expenses.

Other expenses

During the Track Record Period, our other expenses represented the impairment and bad debts written off on trade receivables which amounted to approximately S\$252,000 and S\$15,000 for the two years ended 31 December 2016 respectively. For the year ended 31 December 2015, the amount of approximately S\$252,000 related to trade receivables from Customer B being impaired and written off as fees for certain additional auxiliary services were negotiated and subsequently a portion assessed as uncollectible. Please refer to the section headed "Business — Cost controls" in this prospectus. For the year ended 31 December 2016, the amount of approximately S\$15,000 related to various long outstanding and uncollectible trade receivables.

FINANCIAL INFORMATION

Finance costs

Finance costs comprised mainly of interest expenses on borrowings from financial institutions, and finance leases for certain property, plant and equipment.

Income tax expense

Since our operation is based in Singapore, our Group is subject to corporate income tax in accordance with the tax regulations of Singapore (see “Regulatory overview — Singapore taxation” in this prospectus). Income tax expenses of our Group amounted to S\$90,469 and S\$163,321 for the two years ended 31 December 2016 respectively.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period. The income tax for the Track Record Period can be reconciled to the profit before tax as follows:

S\$	For the year ended 31 December	
	2015	2016
Profit before taxation	2,966,250	3,397,341
Tax at applicable tax rate of 17%	504,263	577,548
Adjustments:		
Tax effect of expenses not deductible for tax purpose	98,340	104,626
Tax effect of income not taxable for tax purpose	(5,738)	(2,416)
Effect of tax concessions	(535,373)	(458,247)
Under provision of current tax in prior years	10,469	29,014
Under (over) provision of deferred tax in prior years	18,508	(87,204)
Taxation for the year	90,469	163,321

During the Track Record Period, our effective tax rates (calculated as income tax expense for the year divided by profit before taxation) were as follows:

	For the year ended 31 December	
	2015	2016
Effective tax rate	3.0%	4.8%

Our effective tax rate was lower than the statutory tax rate for the two years ended 31 December 2016 mainly due to tax incentives relating to the Productivity and Innovation Credit Scheme (“**PIC Scheme**”) on leasing of automation equipment whereby our Group enjoys 400% tax deductions for qualifying expenditure incurred from the years of assessment 2011 to 2018 (for details of PIC Scheme, see section headed “Regulatory overview — Productivity and Innovation Credit Scheme”).

FINANCIAL INFORMATION

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2015 compared to year ended 31 December 2016

Revenue

Our revenue decreased by approximately S\$14.0 million or 38.8%, from approximately S\$36.0 million for the year ended 31 December 2015 to approximately S\$22.0 million for the year ended 31 December 2016 which was mainly due to higher percentage of completion of a project for technological plants from Customer A with the highest contract value secured by us to-date of approximately S\$25.8 million which contributed to approximately 61.0% of our revenue for the year ended 31 December 2015.

The following table sets forth the major projects which contributed to our revenue for the two years ended 31 December 2016:

Project type	Contract value (S\$ million)	Revenue recognised For the year ended 31 December	
		2015 (S\$ million)	2016 (S\$ million)
1. Recycling plant	2.8	2.8	—
2. Residential building	1.9	1.7	*
3. Industrial building	1.7	1.7	*
4. Food industries	1.6	1.1	0.5
5. Industrial building	25.8	21.9	3.9
6. Industrial factory	1.7	1.7	*
7. Industrial building	2.4	—	2.3
8. Industrial building	1.1	—	1.1
9. Warehouse building	2.5	—	2.4
10. Commercial building	2.2	—	2.1
11. Industrial building	2.6	—	2.4
12. Industrial building	1.4	—	1.2
13. Industrial building	6.5	—	1.8

Note:

* *Negligible*

As shown in the table above, we recognised revenue of approximately S\$21.9 million for the technological plants project with Customer A for the year ended 31 December 2015. Revenue from the same project decreased to approximately S\$3.9 million for the year ended 31 December 2016 due to higher percentage of completion in 2015. The significant decrease in revenue from this project was partially offset by revenue from new industrial building projects, warehouse building project and commercial building projects for the year ended 31 December 2016.

FINANCIAL INFORMATION

Cost of services

Our cost of services decreased by approximately S\$14.0 million or 47.2%, from approximately S\$29.7 million for the year ended 31 December 2015 to approximately S\$15.7 million for the year ended 31 December 2016. The decrease in cost of services was a result of the decrease in our revenue which led to lower subcontracting costs, materials costs and rental of machineries. Please refer to the section headed “Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Cost of services” for the detailed breakdown of cost of services for the two years ended 31 December 2016. As a proportion to our revenue, subcontracting costs decreased from approximately 34.6% to 21.7% for the two years ended 31 December 2016. This was mainly due to our project with Customer A where the project required subcontractors to be engaged to support our steel fabrication, and general subcontracting works to support our on-site works.

Gross profit and gross profit margin

Despite the decrease in our revenue, our gross profit increased slightly by approximately S\$41,000 or 0.7%. Our gross profit margin also increased from approximately 17.5% for the year ended 31 December 2015 to approximately 28.7% for the year ended 31 December 2016.

For the year ended 31 December 2015, we recorded a lower gross profit and gross profit margin mainly due to a project for technological plants from Customer A with a contract value of approximately S\$25.8 million which contributed to approximately 61.0% of our revenue and gross profit of approximately S\$2.2 million with gross profit margin of approximately 9.9%. The low gross profit margin for this project was due to (i) competitive pricing as the contract value was high and the management was willing to bid at a lower gross profit margin and (ii) significantly higher subcontracting costs incurred for this project. For the year ended 31 December 2016, this project contributed only approximately 17.6% of our revenue as the project was completed in May 2016. Our gross profit margin for the year ended 31 December 2016 improved from that in the preceding year as the abovementioned project recorded a gross profit of approximately S\$1.7 million with gross profit margin of approximately 43.9% due to additional claims of approximately S\$1.4 million mainly arising from additional works required by Customer A as a result of modification in the building design in 2016.

Other income

Our other income decreased by approximately S\$0.1 million or 26.8%, from approximately S\$0.4 million for the year ended 31 December 2015 to approximately S\$0.3 million for the year ended 31 December 2016. The decrease was mainly due to (i) decrease in accommodation income as we no longer rent out our dormitory to the workers of our suppliers and subcontractor; (ii) decrease in management fee income as we ceased the secondment of a staff to a related company during 2016; and (iii) decrease in sundry income. This was offset by increase in insurance claim receipt, government grant and rental income from our investment properties.

FINANCIAL INFORMATION

Other gains

Our other gains increased from S\$12,458 for the year ended 31 December 2015 to S\$24,515 for the year ended 31 December 2016 due to higher gains on disposal of our motor vehicles and boom lift.

Selling expenses

Our selling expenses decreased by approximately S\$0.1 million or 31.5%, from approximately S\$0.3 million for the year ended 31 December 2015 to approximately S\$0.2 million for the year ended 31 December 2016. The decrease was mainly due to decline in upkeep of motor vehicles, freight and transport fees which in aggregate declined by approximately S\$76,000.

Administrative expenses

Our administrative expenses decreased by approximately S\$0.2 million or 6.6%, from approximately S\$3.1 million for the year ended 31 December 2015 to approximately S\$2.9 million for the year ended 31 December 2016. The decrease was mainly due to (i) staff costs decreased by approximately S\$0.1 million due to decrease in headcount in our project department; and (ii) decrease in staff welfare by approximately S\$0.1 million due mainly to lower medical fees incurred as our headcount decreased.

Other expenses

Our other expenses were impairment and bad debts written off and the decrease was due mainly to (i) for the year ended 31 December 2015, the amount of approximately S\$252,000 was due to impairment and bad debts written off on trade receivables from Customer B as fees for certain auxiliary services were negotiated and subsequently a portion assessed as uncollectible; and (ii) for the year ended 31 December 2016, the bad debts were of smaller amounts from various customers.

Finance costs

Our finance costs increased by approximately 68.3%, from S\$74,086 for the year ended 31 December 2015 to S\$124,691 for the year ended 31 December 2016. The increase was mainly due to increase in our borrowings, and the increase in weighted average effective interest rates of the bank loans at 2.93% and 3.26% per annum for the two years ended 31 December 2016, respectively.

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Income tax expense

Our income tax expense increased by approximately 80.5%, from S\$90,469 for the year ended 31 December 2015 to S\$163,321 for the year ended 31 December 2016. Our effective tax rate also increased slightly from approximately 3.0% for the year ended 31 December 2015 to approximately 4.8% for the year ended 31 December 2016, although remained significantly lower than the statutory tax rate of 17%. The lower effective tax rates for the two years ended 31 December 2016 were mainly due to tax incentives relating to the Productivity and Innovation Credit Scheme on leasing of automation equipment whereby our Group enjoys 400% tax deductions for qualifying expenditure incurred from the years of assessment 2011 to 2018.

Profit for the year

Our profit for the year increased by approximately S\$0.4 million or 12.5%, from approximately S\$2.9 million for the year ended 31 December 2015 to approximately S\$3.2 million for the year ended 31 December 2016 mainly due to the decrease in our other expenses and administrative expenses as explained above.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from cash generated from our operation and bank borrowings. Our primary uses of cash are for payment to suppliers, subcontractors and working capital needs. Upon the Listing, our source of funds will be a combination of internal generated funds, bank borrowings and net proceeds from the Share Offer.

As at 31 May 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and cash equivalents of approximately S\$1.1 million and unutilised banking facilities available for cash drawdown of approximately S\$1.7 million (see section headed “Financial information — Indebtedness — Unutilised banking facilities” below).

FINANCIAL INFORMATION

Net current assets

The following table sets forth a breakdown of our Group's current assets and liabilities as at 31 December 2015, 31 December 2016 and 31 May 2017:

S\$	As at 31 December		As at
	2015	2016	31 May 2017
			(unaudited)
Current assets			
Trade receivables	9,407,068	9,155,811	7,554,942
Deposits, prepayments and other receivables	940,011	175,336	599,534
Amounts due from customers for construction work	265,690	1,306,662	827,486
Amounts due from a related party	30,040	—	—
Amount due from a director	1,428,997	135,653	—
Bank balances and cash	<u>3,201,608</u>	<u>786,337</u>	<u>1,094,562</u>
	<u>15,273,414</u>	<u>11,559,799</u>	<u>10,076,524</u>
Current liabilities			
Trade and other payables	9,343,509	2,832,467	2,181,553
Amounts due to customers for construction work	602,731	138,138	124,418
Amount due to a director	1,400,000	—	—
Obligations under finance leases — due within one year	119,337	143,040	140,478
Borrowings	743,607	1,749,147	1,156,206
Income tax payable	<u>27,469</u>	<u>215,910</u>	<u>108,785</u>
	<u>12,236,653</u>	<u>5,078,702</u>	<u>3,711,440</u>
Net current assets	<u><u>3,036,761</u></u>	<u><u>6,481,097</u></u>	<u><u>6,365,084</u></u>

FINANCIAL INFORMATION

The increase in our net current assets from approximately S\$3.0 million as at 31 December 2015 to approximately S\$6.5 million as at 31 December 2016 was primarily due to decrease in our trade payables which was consistent with the decrease in our subcontracting costs and material costs in our cost of services. Our trade receivables did not record a corresponding decline due to increase in unbilled revenue of approximately S\$0.2 million and increase in net trade receivables of approximately S\$1.1 million, largely due to the delay in payments from two customers which had been fully settled as at 31 January 2017. Our net current assets as at 31 May 2017 were relatively stable at approximately S\$6.4 million.

Cash flows

S\$	For the year ended 31 December	
	2015	2016
Net cash from/(used in) operating activities	5,330,945	(2,167,216)
Net cash used in investing activities	(1,629,915)	(206,097)
Net cash used in financing activities	<u>(764,299)</u>	<u>(41,958)</u>
Net increase/(decrease) in cash and cash equivalents	2,936,731	(2,415,271)
Cash and cash equivalents at beginning of the year	<u>264,877</u>	<u>3,201,608</u>
Cash and cash equivalents at end of the year	<u><u>3,201,608</u></u>	<u><u>786,337</u></u>

Operating activities

Our operating cash inflow is primarily derived from our business operation of providing structural steelworks whereas our operating cash outflow mainly includes payments for subcontracting costs, staff costs, purchase of materials, as well as other working capital needs.

FINANCIAL INFORMATION

The following table sets forth a reconciliation of our profit before taxation to net cash from operating activities:

S\$	For the year ended 31 December	
	2015	2016
Profit before taxation	2,966,250	3,397,341
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	759,931	819,159
Depreciation of investment properties	40,086	53,266
Gain on disposal of property, plant and equipment	(12,458)	(24,515)
Finance costs	74,086	124,691
Impairment and bad debts written off on trade receivables	<u>251,500</u>	<u>14,890</u>
Operating cash flow before movement in working capital	4,079,395	4,384,832
<i>Movements in working capital:</i>		
(Increase)/decrease in trade receivables	(5,060,567)	236,367
(Increase)/decrease in deposits, prepayment and other receivables	(491,567)	764,675
Decrease/(increase) in amount due from customers for construction works	749,805	(1,040,972)
Increase/(decrease) in trade and other payables	5,680,315	(6,011,042)
Increase/(decrease) in amount due to customers for construction works	<u>356,564</u>	<u>(464,593)</u>
Cash generated from/(used in) operations	5,313,945	(2,130,733)
Income taxes refund/(paid)	<u>17,000</u>	<u>(36,483)</u>
Net cash from/(used in) operating activities	<u>5,330,945</u>	<u>(2,167,216)</u>

For the year ended 31 December 2015, the Group's operating cash flow before working capital changes was approximately S\$4.1 million, consisting of profit before taxation of approximately S\$3.0 million, adjusted by depreciation of property plant and equipment, depreciation of investment properties, gain on disposal of property, plant and equipment, finance cost and impairment and bad debts written off on trade receivables. Our net cash from operating activities amounted to approximately S\$5.3 million, which was mainly the result of increase in trade receivables as result of increase in revenue, increase in deposits, prepayment and other receivables, decrease in amount due from customers for construction work, increase in trade and other payables, and increase in amount due to customers for construction work.

FINANCIAL INFORMATION

For the year ended 31 December 2016, the Group's operating cash flow before working capital changes was approximately S\$4.4 million, consisting of profit before taxation of approximately S\$3.4 million, adjusted by depreciation of property plant and equipment, depreciation of investment properties, gain on disposal of property, plant and equipment, finance cost and impairment and bad debts written off on trade receivables. Our net cash used in operating activities amounted to approximately S\$2.2 million, which was mainly the result of decrease in trade receivables, decrease in deposits, prepayment and other receivables, increase in amount due from customers for construction work, decrease in trade and other payables as result of decrease in our revenue which led to lower subcontracting costs, materials costs and rental of machineries, and decrease in amount due to customers for construction works.

Investing activities

Our cash used in investing activities are primarily for the purchase of property, plant and equipment and advance to related parties. Our cash from investing activities are primarily from the proceeds from disposal of property, plant and equipment.

S\$	For the year ended 31 December	
	2015	2016
Purchase of property, plant and equipment	(1,523,566)	(271,052)
Proceeds from disposal of property, plant and equipment	68,258	34,915
Advance to related parties	(185,307)	—
Repayment of advance to a related party	10,700	30,040
Net cash used in investing activities	(1,629,915)	(206,097)

For the year ended 31 December 2015, our net cash used in investing activities amounted to approximately S\$1.6 million, mainly due to cash used to purchase property, plant and equipment including purchase of a property, a CNC drilling machine, band saw and commercial trucks of approximately S\$1.5 million. This was partially offset by proceeds from disposal of property, plant and equipment of approximately S\$68,000.

For the year ended 31 December 2016, our net cash used in investing activities amounted to approximately S\$0.2 million, mainly due to cash used to purchase property, plant and equipment including purchase of overhead cranes and motor vehicles of approximately S\$0.3 million. This was partially offset by proceeds from disposal of property, plant and equipment of approximately S\$35,000.

FINANCIAL INFORMATION

Financing activities

Our cash from and used in financing activities during the Track Record Period included the following:

S\$	For the year ended 31 December	
	2015	2016
Advance from a director	—	789,913
Repayment of advance from a director	(1,171,376)	(1,396,569)
Repayment of finance leases	(74,477)	(145,575)
Proceeds from borrowings	3,689,480	5,906,154
Repayment of borrowings	(3,133,840)	(5,071,190)
Interest paid	<u>(74,086)</u>	<u>(124,691)</u>
Net cash used in financing activities	<u>(764,299)</u>	<u>(41,958)</u>

For the year ended 31 December 2015, our net cash used in financing activities was approximately S\$0.8 million. This was mainly due to (i) repayment of advance from a director of S\$1.2 million; (ii) repayment of finance lease of approximately S\$74,000; (iii) repayment of bank borrowings of approximately S\$3.1 million; and (iv) interest paid of approximately S\$74,000. This was offset by proceeds from bank borrowings of approximately S\$3.7 million.

For the year ended 31 December 2016, our net cash used in financing activities was approximately S\$42,000. This was mainly due to (i) repayment of advance from a director of approximately S\$1.4 million; (ii) repayment of finance leases of approximately S\$146,000; (iii) repayment of bank borrowings of approximately S\$5.1 million; and (iv) interest paid of approximately S\$125,000. This was offset by proceeds from bank borrowings of approximately S\$5.9 million and advance from a director of approximately S\$0.8 million.

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources and banking facilities presently available to our Group and the estimated net proceeds of the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

FINANCIAL INFORMATION

INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated. As at 31 May 2017, being the latest practicable date for this indebtedness statement, save as disclosed below, we do not have any debt securities, term loans, borrowings or indebtedness in the nature of borrowing, mortgages, charges, contingent liabilities or guarantees. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenant related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 May 2017 and up to the date of this prospectus. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for material external debt financing.

The following table sets out our Group's indebtedness as at respective date:

S\$	As at 31 December		As at 31 May
	2015	2016	2017 (unaudited)
Non-current			
Bank loans	1,611,541	1,440,965	1,443,525
Obligations under finance leases — due after one year	<u>471,711</u>	<u>455,703</u>	<u>410,315</u>
	<u>2,083,252</u>	<u>1,896,668</u>	<u>1,853,840</u>
Current			
Bank loans	743,607	1,749,147	1,156,206
Obligations under finance leases — due within one year	119,337	143,040	140,478
Amount due to a director	<u>1,400,000</u>	<u>—</u>	<u>—</u>
	<u>2,262,944</u>	<u>1,892,187</u>	<u>1,296,684</u>
	<u><u>4,346,196</u></u>	<u><u>3,788,855</u></u>	<u><u>3,150,524</u></u>

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Unutilised banking facilities

The table below summarises the details of our banking and other facilities as at 31 May 2017:

S\$	Facility granted	Utilisation	Unutilised
Trade finance	2,650,000	998,942	1,651,058
Term loan	500,000	500,000	—
Mortgage loan	<u>1,655,253</u>	<u>1,655,253</u>	<u>—</u>
Bank loans	4,805,253	3,154,195	1,651,058
Obligations under finance lease	<u>789,974</u>	<u>789,974</u>	<u>—</u>
	<u><u>5,595,227</u></u>	<u><u>3,944,169</u></u>	<u><u>1,651,058</u></u>

Borrowings

Set out below is the maturity profile of our borrowings as at the respective dates indicated:

S\$	As at 31 December		As at 31 May 2017 (unaudited)
	2015	2016	
Within one year	743,607	1,749,147	1,156,206
More than one year but not exceeding two years	292,302	144,010	96,119
More than two year but not exceeding five years	352,198	279,201	349,927
More than five years	<u>967,041</u>	<u>1,017,754</u>	<u>997,479</u>
	<u><u>2,355,148</u></u>	<u><u>3,190,112</u></u>	<u><u>2,599,731</u></u>

The borrowings included loan for purchase of investment properties and working capital purposes. As at 31 May 2017, except for S\$1,600,789 which are secured by first legal charge and pledged over our leasehold properties and investment properties of our Group, all the other borrowings are unsecured. All the borrowings are guaranteed by Mr. Ong, which shall be either (i) released upon Listing and replaced by corporate guarantees granted by our Company or (ii) repaid before Listing. Please refer to the section headed “Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — (iv) financial independence” for further details of the release of personal guarantee. As at 31 December 2015 and 2016, the bank loans bear floating interest rates with weighted average effective interest rate at approximately 2.93% and 3.26% per annum, respectively.

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Obligations under finance leases

As at 31 December 2015 and 2016, and 31 May 2017, our total obligations under finance leases amounted to S\$591,048, S\$598,743 and S\$550,793 respectively. Please refer to Note 22 to the Accountants' Report set out in Appendix I to this prospectus for details of the present value of minimum lease payments in respect of our obligations under finance leases as at 31 December 2015 and 2016.

Obligations under finance leases relate to our purchase of certain machinery and motor vehicles by way of finance lease arrangement. Interest rates underlying all obligations under finance leases were fixed at respective contract dates and the weighted average interest rates were in the range of 3.09% to 7.48% as at 31 December 2015 and 2016 respectively.

The obligations under finance leases are unguaranteed and secured by charge over the leased assets with aggregate carrying values of S\$683,382, S\$735,962 and S\$684,311 as at 31 December 2015 and 2016, and 31 May 2017 respectively.

Amount due to a director

As at 31 December 2015, we had an amount due to Mr. Ong, which is unsecured, non-trade related, non-interest bearing and without a fixed repayment term. Amount due to a director represents advances from Mr. Ong and such amount has been fully repaid by us to Mr. Ong by 31 December 2016.

Contingent liabilities

As at the Latest Practicable Date, we have no contingent liabilities.

Capital commitments

As at the Latest Practicable Date, we have no capital commitments.

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Operating lease commitments

The Company as lessee

Our Group leases two properties for our head office, workers dormitories and factories under operating leases (see “Business — Property interest — Leased properties” in this prospectus). The following table sets forth our outstanding commitments under non-cancellable operating leases, which fall due as follows:

S\$	As at 31 December		As at 31 May
	2015	2016	2017
			(unaudited)
Within one year	301,248	254,040	156,680
In the second to fifth year inclusive	<u>121,152</u>	<u>204,732</u>	<u>147,862</u>
	<u>422,400</u>	<u>458,772</u>	<u>304,542</u>

These leases have tenures ranging from one to two years and no contingent rent provision included in the contracts.

The Company as lessor

Our Group leases our investment properties under operating leases (see “Business — Property interest — Owned properties” in this prospectus). At the end of the reporting period, our Group has contracted with tenants for the following future minimum lease receipts:

S\$	As at 31 December		As at 31 May
	2015	2016	2017
			(unaudited)
Within one year	28,477	103,536	78,738
In the second to fifth year inclusive	<u>—</u>	<u>37,908</u>	<u>8,564</u>
	<u>28,477</u>	<u>141,444</u>	<u>87,302</u>

CAPITAL EXPENDITURES

During the Track Record Period, our Group’s capital expenditures have principally consisted of expenditures on property, plant and equipment. We incurred cash flows on capital expenditures for purchase of property, plant and equipment in the amounts of approximately S\$1.5 million and S\$0.3 million for the two years ended 31 December 2016 respectively. Please also refer to the sections headed “Business — Fabrication” and “Business — Property interest” for further information regarding our equipment and properties.

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ASSETS AND LIABILITIES

The table below sets out our assets and liabilities as at 31 December 2015 and 31 December 2016:

S\$	As at 31 December	
	2015	2016
Non-current assets		
Property, plant and equipment	3,022,781	2,617,544
Investment properties	<u>2,844,740</u>	<u>2,791,474</u>
	<u>5,867,521</u>	<u>5,409,018</u>
Current assets		
Trade receivables	9,407,068	9,155,811
Deposits, prepayments and other receivables	940,011	175,336
Amounts due from customers for construction work	265,690	1,306,662
Amounts due from a related party	30,040	—
Amount due from a director	1,428,997	135,653
Bank balances and cash	<u>3,201,608</u>	<u>786,337</u>
	<u>15,273,414</u>	<u>11,559,799</u>
Current liabilities		
Trade and other payables	9,343,509	2,832,467
Amounts due to customers for construction work	602,731	138,138
Amount due to a director	1,400,000	—
Obligations under finance leases — due within one year	119,337	143,040
Borrowings	743,607	1,749,147
Income tax payable	<u>27,469</u>	<u>215,910</u>
	<u>12,236,653</u>	<u>5,078,702</u>
Net current assets	<u>3,036,761</u>	<u>6,481,097</u>
Non-current liabilities		
Obligations under finance leases — due after one year	471,711	455,703
Borrowings	1,611,541	1,440,965
Deferred tax liabilities	<u>128,018</u>	<u>66,415</u>
	<u>2,211,270</u>	<u>1,963,083</u>
Net assets	<u><u>6,693,012</u></u>	<u><u>9,927,032</u></u>

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DISCUSSION ON SELECTED BALANCE SHEET ITEMS

Trade receivables

Our trade receivables as at 31 December 2015 and 31 December 2016 were approximately S\$9.4 million and S\$9.2 million respectively, of which a breakdown is set out below:

S\$	As at 31 December	
	2015	2016
Trade receivables	2,253,141	3,218,079
Less: Allowance for doubtful debts	<u>(109,459)</u>	<u>—</u>
	2,143,682	3,218,079
Unbilled revenue	2,820,076	3,011,326
Retention receivables	<u>4,443,310</u>	<u>2,926,406</u>
	<u>9,407,068</u>	<u>9,155,811</u>

Trade receivables

Despite the decrease in our revenue, our trade receivables (net of allowance for doubtful debts) increased from approximately S\$2.1 million as at 31 December 2015 to approximately S\$3.2 million as at 31 December 2016. The increase in our trade receivables was mainly due to delay in payment from two customers amounting to approximately S\$1.1 million and such amount has been fully settled as at 31 January 2017.

Unbilled revenue

Unbilled revenue arises when revenue had been recognised for the portion of works performed that has been approved by our customers (supported by the payment certificate) but not yet billed to our customers as at the respective year end dates. In practice, after performing our works, it takes approximately one to four weeks to obtain approval of our payment claims from our customers. After obtaining the approval, we normally take approximately one week to issue invoices to our customers. We recorded unbilled revenue of approximately S\$2.8 million and S\$3.0 million as at 31 December 2015 and 31 December 2016 respectively as a result of the aforesaid billing procedures. As at the Latest Practicable Date, the unbilled revenue of approximately S\$2.8 million as at 31 December 2015 had been fully invoiced to and settled by our customers while the unbilled revenue of approximately S\$3.0 million as at 31 December 2016 had been fully invoiced to our customers out of which approximately 72.9% had been settled by our customers.

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Retention receivables

A portion of the contract value, normally 5% is withheld by our customers as retention money, of which half will typically be released upon issuance of TOP and the remaining released at the end of defect liability period (usually 12 months after TOP). Our retention receivable decreased from approximately S\$4.4 million as at 31 December 2015 to approximately S\$2.9 million as at 31 December 2016. This is consistent with the decrease in our revenue as explained in the section headed “Financial information — Period to period comparison of results of operations”.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	For the year ended	
	31 December	
	2015	2016
Trade receivable turnover days (<i>Note 1</i>)	23	45

Note:

- (1) Trade receivable turnover days is calculated based on the average beginning and ending balance of gross trade receivables (excluding unbilled revenue and retention monies) divided by revenue during the year, then multiplied by the number of days of the year (365 days).

The credit period that we granted to customers is generally 30 to 60 days. Our trade receivables turnover days were approximately 23 days and 45 days for the year ended 31 December 2015 and 2016 respectively and generally within the credit terms extended to our customers. The increase in our trade receivables turnover days was mainly due to delay in payment from two customers and the amount due from them has been fully settled as at 31 January 2017.

Ageing analysis and subsequent settlement

The ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
S\$	2015	2016
Within 30 days	1,922,374	2,269,424
31 days to 60 days	86,553	781,370
61 to 90 days	56,513	3,090
Over 90 days	<u>78,242</u>	<u>164,195</u>
Total	<u>2,143,682</u>	<u>3,218,079</u>

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The ageing analysis of trade receivables that are past due but not impaired is as follows:

S\$	As at 31 December	
	2015	2016
31 days to 60 days	6,420	524,378
61 days to 90 days	56,513	3,090
Over 90 days	<u>78,242</u>	<u>164,194</u>
	141,175	691,662
Neither past due nor impaired	<u>2,002,507</u>	<u>2,526,417</u>
Total trade receivables, net	<u>2,143,682</u>	<u>3,218,079</u>

As shown in the table above, approximately 93.4% and 78.5% of our net trade receivables as at 31 December 2015 and 2016 respectively was not past due nor impaired.

Up to the Latest Practicable Date, our trade receivables as at 31 December 2016 had been fully settled.

We review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts. As at 31 December 2016, trade receivables which were past due but not impaired related to a number of independent third party customers that had a good track record of credit with us. Having considered the background of the relevant customers and their past credit history and given the subsequent settlement shown in the above table, our Executive Directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. For our credit risk management, please refer to the section headed “Business — Risk management and internal control systems — Credit management” in this prospectus.

Amount due from a related party

Amount due from a related party as at 31 December 2015 was non-trade related, unsecured, interest-free and without a fixed repayment term. As at 31 December 2016, the amount due from a related party was settled.

Amount due from a director

The amount due from a director represented advances to Mr. Ong and the amount was non-trade related, non-interest bearing and repayable on demand. The amount due from a director has been settled in full before Listing.

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Amount due from/(to) customer for construction works

When contract costs incurred to date plus recognised profits less recognised losses exceed progress claims approved by customers, the surplus is shown as amounts due from customers for contract work. For contracts where progress claims approved by customers exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work.

The following table sets out the amount due from/(to) customer for construction works:

S\$	As at 31 December	
	2015	2016
Aggregate amount of contract costs incurred and recognised profits less recognised losses	28,753,394	11,265,290
Less: progress claims approved by customers	<u>(29,090,435)</u>	<u>(10,096,766)</u>
	<u>(337,041)</u>	<u>1,168,524</u>
Analysed for reporting purposes as:		
Amounts due from customers for construction works	265,690	1,306,662
Amounts due to customers for construction works	<u>(602,731)</u>	<u>(138,138)</u>
	<u>(337,041)</u>	<u>1,168,524</u>

The amounts due from/to customers for contract work are normally affected by (i) the amount of works handled by our Group at the time close to the end of each reporting period by reference to the construction costs incurred for and the budgeted costs of the projects; and (ii) the timing of issuing written payment approval by our customers for the project progress recorded by us, which can vary significantly from period to period.

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The amounts due from customers for construction work increased from approximately S\$0.3 million as at 31 December 2015 to approximately S\$1.3 million as at 31 December 2016, mainly due to greater amount of works performed closer to 31 December 2016 for which progress claims had not been approved by our customers (therefore no invoice has been issued). The amounts due from customers for construction work further increased from approximately S\$1.3 million as at 31 December 2016 to approximately S\$2.4 million as at 31 January 2017, mainly due to additional amount of works performed in January 2017 for which progress claims have been submitted pending customers' approval and hence no invoice has been issued. The circumstances that led to the increase in the amounts due from customers for construction work from 31 December 2015 to 31 December 2016 and 31 January 2017 mainly attributed to progress claims awaiting approval from Customer C, a company listed on the mainboard of the Singapore stock exchange with approximately 10 years of relationship with us (see section headed "Business — Customers" for further information on Customer C). During the Track Record Period, the time taken by Customer C to review the progress claims was typically three months. For the progress claims pending approval by Customer C as at 31 January 2017, Customer C had taken more than three to six months to review which was longer than its typically review time during the Track Record Period, and the Directors believe that it was mainly due to a change in the person-in-charge who was unfamiliar with the work progress and thus took a longer approval period. Further, there was an increase in ongoing projects with Customer C from one as at 31 December 2015 to two as at 31 December 2016.

S\$

Amounts due from customers for construction work	
as at 31 December 2016	1,306,662
Additional progress claims pending customers' approval	<u>1,115,631</u>
As at 31 January 2017	2,422,293
Less: Approved progress claims	<u>(1,845,939)</u>
As at 19 May 2017 (in relation to amounts due from	
customers for construction work as at 31 January 2017)	<u><u>576,354</u></u>

As disclosed under the section headed "Business — Key contract terms" of the prospectus, we may in certain cases give a longer credit term or more time for review of progress claims after considering various factors, including but not limited to, the value of the relevant contract, past payment history, the possibility of future contracts and relationship with our customers. Further, our Executive Directors, having considered (i) that Customer C is a company listed on the main board of the Singapore Exchange Securities Trading Limited; (ii) we have approximately 10 years of working relationship with Customer C; and (iii) Customer C has during the Track Record Period approved our progress claims without any dispute or disagreement, agreed to grant Customer C additional time to review our progress claims. Given (a) the background and historical working experience and relationship with Customer C; and (b) Customer C had approved approximately S\$1.0 million of our progress claims up to 19 May 2017, the Sole Sponsor concurs with our Executive Directors that the increase in the Group's amounts due from

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customers for construction work as at 31 December 2016 and as at 31 January 2017 were reasonable. The balance of amounts due to customers for construction work as at 31 January 2017 of approximately S\$0.6 million mainly comprises (i) approximately S\$0.3 million in relation to a project with Customer C that was pending finalisation of accounts settlement after completion of all works under the project and (ii) approximately S\$0.2 million with two other customers that were also pending finalisation of accounts.

Please also refer to the section headed “Regulatory overview — Building and construction industry security of payments” in the prospectus for the rights that we are entitled to in relation to progress claims and payments. Where the deadline for application of adjudication has passed under the BCISPA in respect of the foregoing progress claims, our Singapore legal advisers have advised us that we are not precluded from pursuing our contractual rights to payment under our contract with Customer C through the commencement of arbitral proceedings in accordance with the dispute resolution clause of our contract with Customer C.

During the Track Record Period and up to the Latest Practicable Date, there has been no material dispute or disagreement between our Group and our customers with regard to the revenue recognised by our Group.

Deposits, prepayments and other receivables

The following table sets forth our deposits, prepayments and other receivables as at the date indicated:

S\$	As at 31 December	
	2015	2016
Deposits	117,982	108,360
Prepayments	661,542	65,600
Advances to staff	21,848	1,376
Goods and service tax (GST) receivable	<u>138,639</u>	<u>—</u>
Deposits, prepayments and other receivables	<u>940,011</u>	<u>175,336</u>

Our deposits, prepayments and other receivables comprised deposit received from customers, prepayment for expenses, advances made to staff, and GST receivable. It decreased from approximately S\$0.9 million as at 31 December 2015 to approximately S\$0.2 million as at 31 December 2016. This was mainly due to decrease in prepayments, decrease in advance made to staff and decrease in GST receivable.

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Trade and other payables

The following table sets out a breakdown of our trade and other payables as at the dates indicated:

S\$	As at 31 December	
	2015	2016
Trade payables	7,559,398	2,102,468
Trade accruals	<u>422,438</u>	<u>—</u>
Total trade payables	<u>7,981,836</u>	<u>2,102,468</u>
GST payables	—	266,128
Other payables	186,869	171,486
Deposit received	12,480	23,030
Provision for unutilised leave	51,408	29,108
Dividend payable	500,000	—
Salaries and CPF payables	<u>610,916</u>	<u>240,247</u>
Total other payables	<u>1,361,673</u>	<u>729,999</u>
Trade and other payables	<u>9,343,509</u>	<u>2,832,467</u>

Trade payables

Our trade payables mainly comprised payables to subcontractors and suppliers in relation to our structural steelworks projects. Trade payables decreased from approximately S\$7.6 million as at 31 December 2015 to approximately S\$2.1 million as at 31 December 2016 which was consistent with the decrease in our subcontracting costs and material costs in our cost of services.

The ageing analysis of trade payables based on the invoice at the end of each financial year is as follows:

S\$	As at 31 December	
	2015	2016
Within 30 days	3,099,277	309,267
31 days to 60 days	3,286,611	477,100
61 days to 90 days	678,527	542,341
Over 90 days	<u>494,983</u>	<u>773,760</u>
Total	<u>7,559,398</u>	<u>2,102,468</u>

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Trade payables that are aged over 60 days amounted to approximately S\$1.2 million as at 31 December 2015 and approximately S\$1.3 million as at 31 December 2016 which were relatively stable although the proportion has increased from approximately 15.5% to approximately 62.6% of our trade payables. As we finance our purchases with trade financing, we generally will accumulate the invoices from our suppliers up to a certain amount before submitting to the bank for processing to better manage the bank processing fee and settlement usually in lump sum which will settle all the accumulated invoices. Comparing at or around the year end in 2015 and 2016, the settlements by the banks with regard to trade financing were mostly made in November 2015 and December 2015, as opposed to the timing of settlements being in January 2017 for the invoices accumulated around the end of the year ended 31 December 2016. As a result, the proportion of our trade payables aged over 60 days was higher.

Up to the Latest Practicable Date, approximately 99.8% of our trade payables as at 31 December 2016 had been settled.

We are usually offered by suppliers and subcontractors a credit period ranged between 30 to 60 days and immediate to 35 days respectively. The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended	
	31 December	
	2015	2016
Trade payables turnover days (<i>Note 1</i>)	68	158

Note:

- (1) Trade payables turnover days is calculated based on the average beginning and ending balance of trade payables (excluding trade accruals) divided by the aggregate of subcontractor costs, material costs and rental of machineries during the year, then multiplied by the number of days of the year (365 days).

Our trade payables turnover days increased from approximately 68 days for the year ended 31 December 2015 to approximately 158 days for the year ended 31 December 2016. The increase in our trade payables turnover days are mainly due to higher proportion of our trade payable aged over 60 days as a result of timing of our settlement to our suppliers and subcontractors as explained above whereby for the year ended 31 December 2015, we settled in November 2015 and December 2015 while for the year ended 31 December 2016, the timing of settlements was in January 2017.

Trade accruals

Trade accruals refers to cost of services relating to our structural steelworks projects which had been recognised but for which we had not yet received invoices from our subcontractors and suppliers as at 31 December 2015 and 2016 respectively. Typically, such amounts arose when services had been rendered by our subcontractors or supplies had been

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delivered by our suppliers as at year end but we had not received invoices from them. Our trade accruals amounted to approximately S\$0.4 million and nil respectively as at 31 December 2015 and 2016 respectively.

Other payables

Our other payables mainly comprised GST payables, other payables, deposit received, provision for unutilised leave, dividend payable, salaries and CPF payables. It decreased from approximately S\$1.4 million as at 31 December 2015 to approximately S\$0.7 million as at 31 December 2016. The decrease was mainly due to decrease in dividend payable of S\$0.5 million and decrease in salaries and CPF payables of approximately S\$0.4 million during the period, which was partly offset by increase in accrued GST payable of approximately S\$0.3 million, respectively.

KEY FINANCIAL RATIOS

	As at 31 December	
	2015 <i>(times)</i>	2016 <i>(times)</i>
Current ratio ⁽¹⁾	1.2	2.3
Gearing ratio ⁽²⁾	0.4	0.4
	For the year ended 31 December	
	2015 <i>(%)</i>	2016 <i>(%)</i>
Gross profit margin ⁽³⁾	17.5	28.7
Profit before taxation margin ⁽⁴⁾	8.2	15.4
Profit for the year margin ⁽⁵⁾	8.0	14.7
Return on total assets ⁽⁶⁾	13.6	19.1
Return on equity ⁽⁷⁾	43.0	32.6
	For the year ended 31 December	
	2015 <i>(days)</i>	2016 <i>(days)</i>
Trade receivables turnover days ⁽⁸⁾	23	45
Trade payables turnover days ⁽⁹⁾	68	158

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

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- (2) Gearing ratio is calculated as total borrowings (bank borrowings and finance lease obligations) divided by total equity as at the respective reporting dates.
- (3) Gross profit margin is calculated as gross profit divided by revenue.
- (4) Profit before taxation margin is calculated as profit before taxation divided by revenue.
- (5) Profit for the year margin is calculated as profit for the year divided by revenue.
- (6) Return on total assets is calculated as profit for the year divided by the total assets as at the respective reporting dates.
- (7) Return on equity is calculated as profit for the year divided by the total equity as at the respective reporting dates.
- (8) Trade receivable turnover days is calculated based on the average beginning and ending balance of gross trade receivables (excluding unbilled revenue and retention monies) divided by revenue during the year, then multiplied by the number of days of the year (365 days).
- (9) Trade payables turnover days is calculated based on the average beginning and ending balance of trade payables (excluding trade accruals) divided by the aggregate of subcontractor costs, material costs and rental of machineries during the year, then multiplied by the number of days of the year (365 days).

Current ratio

Our current ratio increased from approximately 1.2 times as at 31 December 2015 to approximately 2.3 times as at 31 December 2016. The increase in our current ratio was mainly due to decrease in our trade payables which was consistent with the decrease in our subcontracting costs and material costs in our cost of services.

Gearing ratio

Our gearing ratio was relatively stable at approximately 0.4 times as at 31 December 2015 and 31 December 2016.

Gross profit margin

Our gross profit margin was approximately 17.5% and 28.7% for the two years ended 31 December 2016 respectively. Please refer to the section headed “Financial information — Period to period comparison of results of operations” above for the reasons for the increase in our gross profit margin.

Profit before taxation margin

Our profit before taxation margin increased from approximately 8.2% for the year ended 31 December 2015 to approximately 15.4% for the year ended 31 December 2016. Such increase was mainly due to the increase in the gross profit margin.

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Profit for the year margin

Our profit for the year margin increased from approximately 8.0% for the year ended 31 December 2015 to approximately 14.7% for the year ended 31 December 2016 which was mainly due to the increase in the profit before taxation margin as explained above.

Return on total assets

Our return on total assets increased from approximately 13.6% for the year ended 31 December 2015 to approximately 19.1% for the year ended 31 December 2016. The increase in our return on total assets was due to increase in our profit for the year as a result of lower other expenses and administrative expenses as well as decrease in our bank balances and cash as at 31 December 2016.

Return on equity

Our return on equity decreased from approximately 43.0% for the year ended 31 December 2015 to approximately 32.6% for the year ended 31 December 2016 mainly due to our increase in equity as a result of our profitable operation for the year ended 31 December 2016.

Trade receivables turnover days

Please refer to the section headed “Financial information — Discussion on selected balance sheet items — Trade receivables” above for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Please refer to the section headed “Financial information — Discussion on selected balance sheet items — Trade payables” above for the reasons for the change in our trade payables turnover days.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in Note 28 to the Accountants’ Report set out in Appendix I to this prospectus. During the Track Record Period, our transactions with related parties mainly include the following:

S\$	For the year ended	
	31 December	
	2015	2016
Management fee income		
— Li Poh Construction Pte. Ltd.	120,000	70,000

FINANCIAL INFORMATION

The natures of the related party transactions shown in the table were as follows:

Management fee income

Li Poh Construction Pte. Ltd. (“**Li Poh**”) is in the business of undertaking renovation works in Singapore. During the two years ended 31 December 2016 and up to the Latest Practicable Date, Li Poh was wholly-owned by Mr. Ong. Mr. Ong is also the sole director of Li Poh during the two years ended 31 December 2016 and up to the Latest Practicable Date.

During the Track Record Period, we seconded our project manager to Li Poh. Our Executive Directors confirmed that the related party transactions were conducted on arm’s length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that the management fee income is sufficient to cover the staff costs of our project manager. Please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income — Other income” in this section.

PROPERTY INTERESTS AND PROPERTY VALUATION

Greater China Appraisal Limited, an independent property valuer, has valued the properties owned by our Group, all of which have been rented out (for details, please refer to section headed “Business — Property interest — Owned properties” in this prospectus) as of 31 May 2017 and is of the opinion that the value of such properties as of such date was S\$3,610,000. The full text of the letter, a summary of values and the valuation certificates issued by Greater China Appraisal Limited are set out in Appendix III to this prospectus. The table below shows a reconciliation of the amount of the property as reflected in our combined financial information as at 31 December 2016 as set out in Appendix I to this prospectus with the valuation of the property as at 31 May 2017 as set out in Appendix III to this prospectus:

	S\$
Net carrying value of investment properties as at 31 December 2016	2,791,474
Depreciation for five months ended 31 May 2017	<u>(22,195)</u>
Net carrying value of investment properties as at 31 May 2017	2,769,279
Net valuation surplus*	<u>840,721</u>
Valuation as at 31 May 2017	<u><u>3,610,000</u></u>

* Net valuation surplus, represents variance between the net carrying value, at cost less accumulated depreciation and any impairment loss of our investment properties, and the valuation of such investment properties as at 31 May 2017, as if the investment properties are stated at fair value. The net valuation surplus of the investment properties will not be included in our Group’s financial statements in accordance with our Group’s accounting policies.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the Share Offer on the audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2016 as if the Share Offer had taken place on 31 December 2016, was approximately HK\$0.24 per Share (assuming an Offer Price of HK\$0.70 per Offer Share) or HK\$0.19 per Share (assuming an Offer Price of HK\$0.50 per Offer Share). This figure does not take into account any trading results or other transactions entered into subsequent to 31 December 2016. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

ACCUMULATED PROFITS

The aggregate amount of the accumulated profits as at 31 December 2015 and 31 December 2016 of our Group were approximately S\$3.7 million and S\$6.9 million respectively.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 1 February 2017. As at 31 December 2016, our Company had no reserves available for distribution to our Shareholders.

DIVIDENDS

For each of the two years ended 31 December 2016, G-Tech Metal declared dividends of S\$0.5 million and nil respectively, out of the distributable profit and all these dividends had been paid as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following Listing. Our Group does not have any pre-determined dividend payout ratio and any dividends will be made at the discretion of the Board and will be based upon the Group's earnings, cash flow, financial condition, capital requirements and any other conditions that the Directors consider relevant. Cash dividends on our shares, if any, will be paid in Hong Kong dollars.

LISTING EXPENSES

During the Track Record Period, we had not incurred listing-related expenses in the profit and loss account. The total estimated expenses in relation to the Listing are approximately HK\$21.8 million, all of which is directly attributable to the issue of New Shares to be borne by our Group. Out of the estimated listing expenses of approximately HK\$21.8 million to be borne by us, approximately HK\$15.0 million and HK\$6.8 million are expected to be charged to the profit or loss and reserve of our Group for the year ending 31 December 2017 respectively. The recognition of the listing expenses is expected to materially affect our financial results for the year ending 31 December 2017. The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

FINANCIAL INFORMATION

FINANCIAL AND CAPITAL RISK MANAGEMENT

Our Group is exposed to certain financial risks including interest rate risk, credit risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to the section headed “Business — Risk management and internal control systems” and Note 29 to the Accountants’ Report set out in Appendix I to this prospectus.

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our management reviews our Group’s capital structure from time to time and, as part of the review, considers the cost of capital and the risks associated with each class of capital. Depending on our capital structure and needs from time to time, we may balance our overall capital structure through the payment of dividends, the issue of new shares, and/or new debts.

DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, save for the covenant of specific performance to be given by Mr. Ong for the corporate guarantee(s) given by our Company or other member(s) of our Group in favour of Bank A, details of which are set out in the section headed “Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — (iv) Financial independence” in this prospectus, there are no circumstances that would give rise to the disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD AND NO MATERIAL ADVERSE CHANGE

We have continued to focus on strengthening our market position for our structural steelworks in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period. There was no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 1 January 2017 up to the Latest Practicable Date, we did not experience any significant drop in revenue or increase in cost of sales or other costs (apart from listing expenses incurred) as there were no significant changes to the general business model of our Group and economic environment.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2016 and there is no event since 31 December 2016 which would materially affect the information shown in our financial statements included in the accountants’ report set forth in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the sections headed “Business — Business objectives and strategies” in this prospectus for a detailed description of our business strategies and future plans.

Implementation plans

In light of the business objectives and future plans of our Group, our Group will seek to attain the milestones contained in the following paragraphs from the Latest Practicable Date to the year ending 31 December 2018. Investors should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and key assumptions of the business plan” in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk factors” in this prospectus. There can be no assurance that the plans of our Group will materialize in accordance with the expected time frame or that the objectives of our Group will be accomplished at all.

	For the six months ending 31 December 2017 <i>HKS'million</i>	For the six months ending 30 June 2018 <i>HKS'million</i>	For the six months ending 31 December 2018 <i>HKS'million</i>	Total <i>HKS'million</i>	Approximate percentage of net proceeds
Purchase of new fabrication facility					
— Purchase price	16.5	—	—	16.5	32.9%
— Renovation	7.7	—	—	7.7	15.3%
Subtotal	<u>24.2</u>	<u>—</u>	<u>—</u>	<u>24.2</u>	<u>48.2%</u>
Purchase of machineries for new fabrication facility					
— Overhead/lorry cranes	8.2	5.1	—	13.3	26.5%
— Welding machines	0.2	0.2	0.2	0.6	1.2%
— Drilling machines	2.7	—	—	2.7	5.2%
— Cutting machines	0.7	—	—	0.7	1.3%
— Rolling machine	0.3	—	—	0.3	0.6%
Subtotal	<u>12.0</u>	<u>5.3</u>	<u>0.2</u>	<u>17.5</u>	<u>34.8%</u>
Expand our workforce to support our business expansion					
— Recruitment of project managers and executives	0.5	1.0	1.0	2.4	4.8%
— Recruitment of detailers and quantity surveyors for the contract department	0.4	0.6	0.6	1.6	3.1%
— Recruitment of quality control officer	0.1	0.2	0.2	0.5	1.2%
— Recruitment of safety coordinator	0.1	0.3	0.3	0.7	1.4%
— Recruitment of skilled workers	0.6	1.1	1.1	2.8	5.5%
Subtotal	<u>1.6</u>	<u>3.2</u>	<u>3.2</u>	<u>8.0</u>	<u>16.0%</u>
Working capital	<u>0.5</u>	<u>—</u>	<u>—</u>	<u>0.5</u>	<u>1.0%</u>
Total	<u><u>38.3</u></u>	<u><u>8.5</u></u>	<u><u>3.4</u></u>	<u><u>50.2</u></u>	<u><u>100.0%</u></u>

FUTURE PLANS AND USE OF PROCEEDS

Bases and key assumptions of the business plans

The business objectives and strategies set out by our Directors are based on the following bases and assumptions:

- Our Group will have sufficient financial resources to meet the planned capital and operating expenditure and business development requirements during the period to which the business objectives relate;
- There will be no material change in existing laws and regulations, or other government policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- There will be no change in the funding requirement for each of the implementation plans described under the paragraph headed “Implementation plans” in this section from the amount as estimated by our Directors;
- There will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- There will be no disasters, natural, political, legal or otherwise, which would materially disrupt the business or operations of our Group;
- Our Group will not be materially affected by the risk factors as set out under the section headed “Risk factors” in this prospectus;
- Our Group will be able to retain key staff in the management and the main operational departments; and
- Our Group will be able to continue our operation in substantially the same manner as our Group had been operated during the Track Record Period and our Group will also be able to carry out our development plans without disruptions adversely affecting our operations or business objectives in any way.

Reasons for the Share Offer and use of proceeds

The subscription of the New Shares will enhance the capital base of our Group and provide us with additional working capital to implement the future plans set out in the section headed “Business — Business objectives and strategies” in this prospectus.

USE OF PROCEEDS

Our Directors intend to apply the net proceeds from the Share Offer to finance the business expansion, capital expenditure and strengthen the capital base of our Group and improve our overall financial position. Based on the Offer Price of HK\$0.60 per Offer Share, being the midpoint of the indicative Offer Price range, the net proceeds from the issue of the New Shares under the Share Offer, after deducting underwriting fees and estimated expense in connection with the Share Offer payable by us, are estimated to be approximately HK\$50.2 million.

FUTURE PLANS AND USE OF PROCEEDS

We intend to use the net proceeds from the issue of New Shares under the Share Offer in the following manner:

- (a) approximately 48.2% of the total net proceeds from the issue of New Shares under the Share Offer, or HK\$24.2 million, will be used to partly fund our purchase of a new fabrication facility in Singapore to increase our production capacity as follows:
 - (i) partial payment of the purchase price by 31 December 2017 of approximately 32.9% or HK\$16.5 million of net proceeds; and
 - (ii) renovation of the facility of approximately 15.3% or HK\$7.7 million of net proceeds by 31 December 2017. We intend for the renovation to customize to our production flow and to explore ways to reduce its environmental impact, such as through the installation of solar panels and systems that reduce energy consumption.

As at the Latest Practicable Date, we are still in the process of identifying suitable sites for our workshop in Singapore. The balance of the purchase cost of estimated S\$6.0 million will be financed by banking facilities.

- (b) approximately 34.8% of the total net proceeds from the issue of New Shares under of the Share Offer, or HK\$17.5 million, will be used to fund our purchase new machineries for our new fabrication facility in Singapore to increase our production capacity as follow:
 - (i) purchase of one unit of all-terrain crane; one unit of lorry crane; ten units of metal inert gas welding machines; one unit of three-dimensional drilling machine; two units of cutting machines (profile cutting machine and shearing machine); and one unit of rolling machine by 31 December 2017;
 - (ii) purchase of additional two units of lorry cranes; additional ten units of metal inert gas welding machines by 30 June 2018; and
 - (iii) purchase of additional ten units of metal inert gas welding machines by 31 December 2018.
- (c) approximately 16.0% of the total net proceeds from the issue of New Shares under of the Share Offer, or HK\$8.0 million, will be used to expand our workforce to support our business expansion as follow:
 - (i) hire one project manager and two project executives in the project department; two detailers and a quantity surveyor in the contract department; one quality control personnel; one safety coordinator and ten skilled workers for the six months ending 31 December 2017; and

FUTURE PLANS AND USE OF PROCEEDS

- (ii) hire additional one project manager and two project executives in the project department; one detailer and a quantity surveyor in the contract department; one quality control personnel; two safety coordinators and ten skilled workers for the six months ending 30 June 2018; and
- (d) approximately 1.0% of the total net proceeds from the issue of New Shares under the Share Offer, or HK\$0.5 million, will be used for general working capital purposes.

If the final Offer Price is set at the high end or the low end of the indicative Offer Price range, the net proceeds issue of New Share under the Share Offer will increase or decrease by approximately HK\$11.7 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range.

To the extent that the net proceeds from the issue of New Shares under the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Singapore and/or Hong Kong.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the new Shares together with any applicable fees relating to the Share Offer.

UNDERWRITING

UNDERWRITERS

Placing Underwriters

Bluemount Securities Limited
Cinda International Securities Limited
Pacific Foundation Securities Limited

Public Offer Underwriters

Bluemount Securities Limited
Pacific Foundation Securities Limited

Joint Lead Managers and Joint Bookrunners

Bluemount Securities Limited
Cinda International Securities Limited

Co-Lead Manager

Pacific Foundation Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. The Share Offer is fully underwritten by the Underwriters on a conditional basis.

PUBLIC OFFER UNDERWRITING ARRANGEMENTS

Public Offer

The Public Offer Underwriting Agreement was entered into on 28 June 2017. Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

UNDERWRITING

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) have the right, in their absolute determination, to terminate the obligations of the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager and the Public Offer Underwriters under the Public Offer Underwriting Agreement upon the occurrence of any of the following events:

- (a) there has come to the notice of the Joint Lead Managers:
 - (i) that any statement contained in this prospectus or the Application Forms, considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and reasonable opinion to be material in relation to the Share Offer, was, when the same was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms and/or any announcements issued by our Company in connection with the Share Offer (including any supplement or amendment thereto), was, when it was made, not honestly made in any material respect; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a misstatement in a material respect or a material omission therefrom as considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and reasonable opinion to be material to the Share Offer; or
 - (iii) any breach of any of the obligations imposed upon any party under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than on any of the Underwriters); or
 - (iv) any breach, as considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and reasonable opinion to be material in the context of the Share Offer, of any of the representations, warranties and undertakings given by our Company, our Executive Directors and Controlling Shareholders contained in the Public Offer Underwriting Agreement to be untrue, incorrect, inaccurate or misleading in any material respect; or
 - (v) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any members of our Group which is considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and reasonable opinion to be material in the context of the Share Offer; or

UNDERWRITING

- (vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (vii) our Company withdraws this prospectus and the Application Forms (and/or any other documents used in connection with contemplated subscription and sale of the Offer Shares) or the Share Offer; or
 - (viii) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus and the Application Forms or to the issue of this prospectus and the Application Forms; or
 - (ix) other than with the approval of the Joint Lead Managers, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus and the Application Forms (or to any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32), the GEM Listing Rules, the SFO or any other applicable laws, or any requirement or request of the Stock Exchange and/or the SFC where the matter to be disclosed is, in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), materially adverse to the marketing or implementation of the Share Offer; or
 - (x) any prohibition on our Company by a governmental authority for whatever reasons from offering, allotting, issuing or selling of the Offer Shares pursuant to the terms of the Share Offer; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development involving a prospective change, in local, national, regional or international, financial, political, military, industrial, economic, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a revaluation or devaluation of the Singapore dollars or Hong Kong dollars against any foreign currencies, respectively) in or affecting Hong Kong, Singapore, the Cayman Islands, the BVI or any relevant jurisdiction (collectively, the “**Relevant Jurisdictions**” and individually, a “**Relevant Jurisdiction**”); or

UNDERWRITING

- (ii) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
- (iii) any event or series of events in the nature of force majeure (whether or not covered by insurance or responsibility has been claimed) including, without limitation, acts of government, strikes, lock-outs, fire, explosions, flooding, earthquakes, epidemics, pandemics, outbreaks of infections, diseases, Severe Acute Respiratory Syndrome (SARS) and Influenza A (H5N1) and any related or mutated forms of infectious diseases, civil commotions, economic sanctions, public disorder, social or political crises, acts of war, acts of terrorism, acts of God, accidents or interruptions or delays in transportation in or affecting any Relevant Jurisdiction; or
- (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
- (v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the NASDAQ Global Select Market, the Tokyo Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Tokyo, Hong Kong, China, Singapore, the BVI or the Cayman Islands declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or
- (vi) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (viii) any litigation, legal action or claim being threatened or instigated against any member of our Group; or
- (ix) the commencement by any governmental, law enforcement agency, regulatory or political body or organisation of any action against any Director or any member of our Group or an announcement by any governmental, law enforcement agency, regulatory or political body or organisation that it intends to take any such action; or

UNDERWRITING

- (x) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of our Company vacating his position that leads to the circumstances where the operations of our Group will be materially and is likely, in the sole and absolute discretion of the Joint Lead Managers (acting reasonably for themselves and on behalf of the Public Offer Underwriters), be adversely affected; or
- (xii) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or substantive part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) or any aspect of the Share Offer with the GEM Listing Rules, the Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32), the Companies Law, the SFO or any other applicable laws by any of the warrantors under the Public Offer Underwriting Agreement; or
- (xiv) a valid demand by any creditor for repayment or payment of any indebtedness of our Company or any member of our Group or in respect of which our Company or any member of our Group is liable prior to its stated maturity; or
- (xv) any change or development involving a prospective change, or a materialisation of, any of the risk factors set out in the section headed “Risk factors” in this prospectus,

which in each case in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):

- (1) is or will or could be expected to have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of our Company or our Group or any members of our Group or on any present or prospective shareholder in his, her or its capacity as such; or
- (2) has or will have or could be expected to have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

UNDERWRITING

- (3) makes it impracticable, inadvisable or inexpedient for the Share Offer to proceed or to market the Share Offer or shall otherwise result in an interruption to or delay thereof; or
- (4) has or will have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer he/it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in the paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder of our Company.

UNDERWRITING

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in Shares under sub-paragraph (a) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken with each of the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners, the Sole Sponsor and the Public Offer Underwriters that, except pursuant to the Share Offer and the Capitalisation Issue, we will not, and will procure our subsidiaries will not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the GEM Listing Rules, at any time from the date of the Public Offer Underwriting Agreement and ending on the date which is six months after the Listing Date (the “**First Six-Month Period**”):

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any Shares or other securities of our Company or any shares or other securities of other member of our Group or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein); or

UNDERWRITING

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any of the above transactions; or
- (d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the First Six-month Period (the “**Second Six-Month Period**”), our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement, has jointly and severally agreed and undertaken with the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners, the Sole Sponsor and the Public Offer Underwriters that, except pursuant to the Share Offer and the Capitalisation Issue, he/it will not, and will procure that his/its relevant registered holder(s) and associates will not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules:-

- (a) at any time during the First Six-Month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein) whether now owned or hereinafter acquired, directly or indirectly by any of our Controlling Shareholders (including holding as a custodian) or with respect to which any of our Controlling Shareholders has beneficial interest; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such shares, capital or other securities or any interest therein; or

UNDERWRITING

- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) at any time during the Second Six-Month Period:
 - (i) enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above if, immediately following such transaction, it will cease to be a Controlling Shareholder of our Company or would together with the other Controlling Shareholders cease to be Controlling Shareholders of our Company; and
 - (ii) until the expiry of the Second Six-Month Period, in the event that any of our Controlling Shareholders enters or agrees or contracts to or publicly announce an intention to enter into the foregoing transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of our Company.
- (c) Each of our Controlling Shareholders has undertaken to our Company that, within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:
 - (i) when he/it pledges or charges any Shares beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Rule 13.18 of the GEM Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and
 - (ii) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.
- (d) Our Company undertakes to and covenants with the Joint Lead Managers and the Public Offer Underwriters that our Company shall forthwith inform the Joint Lead Managers and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraph (c) above, and our Company shall disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

UNDERWRITING

PLACING

In connection with the Placing, on 28 June 2017, our Company entered into the Placing Underwriting Agreement with, *inter alia*, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe and/or purchase or procure subscribers and/or purchasers for the Placing Shares being offered pursuant to the Placing.

Potential investors should note that if the Placing Underwriting Agreement is terminated, the Share Offer will not proceed.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 3% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission, praecipium and selling concession will be paid.

The aggregate of the underwriting commissions, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and expenses relating to the Share Offer is estimated to amount to approximately HK\$21.8 million in total, based on the Offer Price of HK\$0.60 per Offer Share, being midpoint of the indicative Offer Price range.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Underwriting Agreements, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any Shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any Shares or securities in any member of our Group.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (i) the Public Offer of 60,000,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong; and
- (ii) the Placing of an aggregate of 60,000,000 Placing Shares being offered by our Company for subscription (subject to reallocation as mentioned below).

Investors may apply for Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for Offer Shares under the Placing, but may not do both.

The Offer Shares will represent 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on Thursday, 6 July 2017. Prospective investors should be aware that if the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on Thursday, 6 July 2017 (or such other date as may be agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the underwriters)), the Share Offer will not proceed and will lapse.

The Offer Price will not be more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share. The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below the above stated in this prospectus at any time prior to the Price Determination Date. If this occurs, notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.gt-steel.com.sg.

PRICE PAYABLE ON APPLICATION

You must pay the maximum Offer Price of HK\$0.70 per Offer Share plus a 1% brokerage fee, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, subject to refund if the Offer Price as finally determined is less than HK\$0.70 per Offer Share. This means a total of HK\$3,535.27 is payable for every board lot of 5,000 Shares.

ANNOUNCEMENT OF THE BASIS OF ALLOCATIONS

The final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Friday, 14 July 2017 on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.gt-steel.com.sg.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on, among other things:

- (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue (including the Shares issuable upon exercise of options which may be granted under the Share Option Scheme) and the Share Offer on GEM and such approval not having been withdrawn; and
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company on the websites of our Company and the Stock Exchange at www.gt-steel.com.sg and www.hkexnews.hk respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to apply for Public Offer Shares — 12. Refund of application monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Friday, 14 July 2017 and will only become valid certificates of title at 8:00 a.m. on Monday, 17 July 2017 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in “Underwriting — Public Offer underwriting arrangements — Grounds for termination” has not been exercised at or before that time.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or under contingent situation, any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 17 July 2017, it is expected that dealing in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 17 July 2017.

The Shares will be traded in board lots of 5,000 Shares each and the stock code of the Shares will be 8402.

THE PUBLIC OFFER

Number of the Public Offer Shares

The Public Offer is a fully underwritten public offer (subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement and described in the paragraph headed “Conditions of the Share Offer” of this section) for the subscription in Hong Kong of, initially, 60,000,000 Public Offer Shares at the Offer Price (representing 50% of the total number of the Offer Shares initially available under the Share Offer). Subject to the reallocation of Offer Shares between the Placing and the Public Offer described below, the Public Offer Shares will represent 12.5% of our enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer, without taking into account any Shares which fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

Allocation

The Public Offer is open for subscription to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The allocation of the Public Offer Shares to investors will be based solely on the level of valid applications received under the Public Offer at the sole discretion of the Joint Bookrunners.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

interest for or taken up and will not indicate an interest for or take up any Placing Shares in the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be.

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated in the Public Offer and the Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 30,000,000 Public Offer Shares and Pool B will comprise 30,000,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 30,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Reallocation

If the Public Offer is not fully subscribed, the Joint Bookrunners have the discretion to reallocate to the Placing all or any unsubscribed Public Offer Shares in such numbers as it deems appropriate. In addition, the Joint Bookrunners may in their sole and absolute discretion allocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

PLACING

Number of the Placing Shares

The number of the Offer Shares to be initially offered for subscription and/or purchase under the Placing will be 60,000,000 Placing Shares, being New Shares initially offered by our Company for subscription (subject to reallocation as described above), representing 50% of the Offer Shares available under the Share Offer. The Placing is fully underwritten by the Placing Underwriters.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

The Placing will include selective marketing of Offer Shares to institutional and professional investors and/or other investors expected to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Pursuant to the Placing, the Placing Shares will be conditionally placed on our behalf by the Placing Underwriters or through selling agents appointed by them. The Placing is subject to the Public Offer becoming unconditional.

Allocation of the Placing Shares to investors under the Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its Placing Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of the Shareholders as a whole.

The Joint Lead Managers (for themselves and on behalf of the Underwriters), may require any investor who has been offered Offer Shares under the Placing and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that such investor is excluded from any application of Placing Shares under the Placing.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding or disposal of, and dealings in our Shares (or exercising rights attached to them). None of our Group, the Sole Sponsor, the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners, the Underwriters, any of their respective directors, agents or advisors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, our Shares.

HONG KONG REGISTER OF MEMBERS

Our principal register of members will be maintained by our Principal Share Registrar, Conyers Trust Company (Cayman) Limited in the Cayman Islands and our Hong Kong branch register of members will be maintained in Hong Kong by Union Registrars Limited, our Hong Kong Branch Share Registrar.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

STAMP DUTY

Dealings in our Shares registered in our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. Therefore a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for the Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares.

To apply for the Public Offer Shares, you may:

- (a) use a **WHITE** or **YELLOW** Application Form; or
- (b) electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. Our Company, the Joint Bookrunners and their agents and nominees may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you (or the person(s) for whose benefit you are applying):

- (a) are 18 years of age or older;
- (b) have a Hong Kong address;
- (c) are outside the United States, and are not a United States Person (as defined in Regulation S); and
- (d) are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Joint Bookrunners or their respective agents and nominees may accept or reject it at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- are an associate or a close associate of any of the above; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Thursday, 6 July 2017 from:

- (a) the offices of the Joint Lead Managers and Joint Bookrunners:

**Joint Bookrunners
and Joint Lead
Managers**

Bluemount Securities Limited
Room 2403-05, Jubilee Centre
18 Fenwick Street, Wan Chai
Hong Kong

Cinda International Securities Limited
45/F Cosco Tower
183 Queen's Road Central
Hong Kong

- (b) the office of the Co-Lead Manager:

Co-Lead Manager

Pacific Foundation Securities Limited
11/F, New World Tower II,
16-18 Queen's Road Central,
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (c) or any of the following branches of DBS Bank Limited, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	United Centre Branch	Shops 1015–1018 on 1/F & Shops 2032–2034 on 2/F, United Centre, 95 Queensway, Admiralty
	Happy Valley Branch	G/F, 18A-22 King Kwong Street, Happy Valley
Kowloon	Yaumatei Branch	G/F & 1/F, 131–137 Woosung Street, Yaumatei
	San Po Kong — SME Banking Centre	Unit 01 & 02, G/F, Winning Centre, 29 Tai Yau Street, San Po Kong
New Territories	Ma On Shan Branch	Shops 205–206, Level 2, Ma On Shan Plaza, Ma On Shan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Thursday, 6 July 2017 from:

- (i) the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- (ii) your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — GT Steel Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 30 June 2017 — 9:00 a.m. to 5:00 p.m.
Monday, 3 July 2017 — 9:00 a.m. to 5:00 p.m.
Tuesday, 4 July 2017 — 9:00 a.m. to 5:00 p.m.
Wednesday, 5 July 2017 — 9:00 a.m. to 5:00 p.m.
Thursday, 6 July 2017 — 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR PUBLIC OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 6 July 2017, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, you:

- undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) and the Articles of Association;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- agree that none of our Company, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- agree to disclose to our Company, the Hong Kong Branch Share Registrar, receiving bank, the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Lead Managers, the Co-Lead Manager, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- agree that your application will be governed by the laws of Hong Kong;
- represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- warrant that the information you have provided is true and accurate;
- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- understand that our Company, our Directors and the Joint Bookrunners and their respective agents and nominees will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System at <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center,
1/F., One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Joint Bookrunners and their respective agents and nominees will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- (a) instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- (b) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- (c) instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than

HOW TO APPLY FOR PUBLIC OFFER SHARES

5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 30 June 2017 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Monday, 3 July 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 4 July 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 5 July 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 6 July 2017 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Thursday, 6 July 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 6 July 2017, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32)

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32)).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 6 July 2017.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- (a) the principal business of that company is dealing in securities; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

(b) you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange. “Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 5,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the paragraph headed “Structure and conditions of the Share Offer — Price payable on application” in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- (a) a tropical cyclone warning signal number 8 or above; or
- (b) a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 July 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If the application lists do not open and close on Thursday, 6 July 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of the indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 14 July 2017 on our Company’s website at www.gt-steel.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- (a) in the announcement to be posted on our Company’s website at www.gt-steel.com.sg and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Friday, 14 July 2017;
- (b) from the designated results of allocations website at www.unioniporesults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 14 July 2017 to 12:00 midnight on Thursday, 20 July 2017;
- (c) by telephone enquiry line by calling (852) 3443 6133 between 9:00 a.m. and 6:00 p.m. from Friday, 14 July 2017 to Wednesday, 19 July 2017 on a Business Day; and
- (d) in the special allocation results booklets which will be available for inspection during opening hours from Friday, 14 July 2017 to Thursday, 20 July 2017 at all the designated receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR PUBLIC OFFER SHARES

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong).

This agreement will take effect as a collateral contract with our Company. Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) (Cap 32) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by publication of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or the results of the ballot respectively.

(b) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- (i) within three weeks from the closing date of the application lists; or

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- (ii) within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- (i) you make multiple applications or suspected multiple applications;
- (ii) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- (iii) your Application Form is not completed in accordance with the stated instructions;
- (iv) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- (v) the Underwriting Agreements do not become unconditional or are terminated;
- (vi) our Company or the Joint Bookrunners believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- (vii) your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 14 July 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR PUBLIC OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (a) share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- (b) refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, 14 July 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 17 July 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting — Public Offer underwriting arrangements — Grounds for termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) in person from our Company’s Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 14 July, 2017 or such other date as notified by us.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 14 July 2017, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 14 July 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 14 July 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

(i) If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

(ii) If you are applying as a CCASS investor participant

We will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 July 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

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(c) If you apply via Electronic Application Instructions to HKSCC

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 14 July 2017 or on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer Shares in the manner specified in "Publication of Results" above on Friday, 14 July 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 July 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 14 July 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

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- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 14 July 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-42, for the purposes of incorporation in this Prospectus, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.

德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GT STEEL CONSTRUCTION GROUP LIMITED AND VINCO CAPITAL LIMITED

Introduction

We report on the historical financial information of GT Steel Construction Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages I-1 to I-42 which comprises the combined statements of financial position as at 31 December 2015 and 2016 and the statements of profit or loss and comprehensive income, the statements of changes in equity and the statements of cash flows for each of the two years then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-1 to I-42 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibilities for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessment, the reporting accountants consider internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2015 and 31 December 2016 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividend was paid by the Company in respect of the Track Record Period.

No historical financial information for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 June 2017

A. ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION**PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

Set out below is the Historical Financial Information which forms an integral part of the accountants' report.

The Historical Financial Information in this report was prepared based on the financial statements of G-Tech Metal Pte. Ltd. ("G-Tech Metal") for the Track Record Period. These financial statements of G-Tech Metal have been prepared in accordance with accounting policies which conform with International Financial Reporting Standard ("IFRSs") issued by International Accounting Standard Board ("IASB") and were audited by Deloitte & Touche LLP Singapore, a firm of certified public accountants registered in Singapore, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S\$").

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2016
	<i>NOTE</i>	<i>S\$</i>	<i>S\$</i>
Revenue	6	35,968,343	22,003,922
Costs of services		<u>(29,689,389)</u>	<u>(15,684,125)</u>
Gross profit		6,278,954	6,319,797
Other income	7a	407,579	298,202
Other gains	7b	12,458	24,515
Selling expenses		(309,877)	(212,213)
Administrative expenses		(3,097,278)	(2,893,379)
Other expenses	7c	(251,500)	(14,890)
Finance costs	8	<u>(74,086)</u>	<u>(124,691)</u>
Profit before taxation		2,966,250	3,397,341
Income tax expense	9	<u>(90,469)</u>	<u>(163,321)</u>
Profit and other comprehensive income for the year	10	<u><u>2,875,781</u></u>	<u><u>3,234,020</u></u>

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	NOTE	2015	2016
		S\$	S\$
Non-current assets			
Property, plant and equipment	14	3,022,781	2,617,544
Investment properties	15	<u>2,844,740</u>	<u>2,791,474</u>
		<u>5,867,521</u>	<u>5,409,018</u>
Current assets			
Trade receivables	16	9,407,068	9,155,811
Deposits, prepayments and other receivables	17	940,011	175,336
Amounts due from customers for construction work	18	265,690	1,306,662
Amounts due from a related party	19a	30,040	—
Amount due from a director	19b	1,428,997	135,653
Bank balances and cash	20	<u>3,201,608</u>	<u>786,337</u>
		<u>15,273,414</u>	<u>11,559,799</u>
Current liabilities			
Trade and other payables	21	9,343,509	2,832,467
Amounts due to customers for construction work	18	602,731	138,138
Amount due to a director	19c	1,400,000	—
Obligations under finance leases — due within one year	22	119,337	143,040
Borrowings	23	743,607	1,749,147
Income tax payable		<u>27,469</u>	<u>215,910</u>
		<u>12,236,653</u>	<u>5,078,702</u>
Net current assets		<u>3,036,761</u>	<u>6,481,097</u>
Total assets less current liabilities		<u>8,904,282</u>	<u>11,890,115</u>
Non-current liabilities			
Obligations under finance leases — due after one year	22	471,711	455,703
Borrowings	23	1,611,541	1,440,965
Deferred tax liabilities	24	<u>128,018</u>	<u>66,415</u>
		<u>2,211,270</u>	<u>1,963,083</u>
Net assets		<u>6,693,012</u>	<u>9,927,032</u>
Capital and reserves			
Share capital	25	3,000,000	3,000,000
Accumulated profits		<u>3,693,012</u>	<u>6,927,032</u>
Equity attributable to owners of the Company		<u>6,693,012</u>	<u>9,927,032</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital S\$	Accumulated profits S\$	Total S\$
At 1 January 2015	1,750,000	2,567,231	4,317,231
Profit and other comprehensive income for the year	—	2,875,781	2,875,781
Issue of share capital (<i>Note 25</i>)	1,250,000	(1,250,000)	—
Dividend declared	—	(500,000)	(500,000)
	<u>3,000,000</u>	<u>3,693,012</u>	<u>6,693,012</u>
At 31 December 2015	3,000,000	3,693,012	6,693,012
Profit and other comprehensive income for the year	—	3,234,020	3,234,020
	<u>3,000,000</u>	<u>6,927,032</u>	<u>9,927,032</u>
At 31 December 2016	<u>3,000,000</u>	<u>6,927,032</u>	<u>9,927,032</u>

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	2016
	S\$	S\$
Operating activities		
Profit before taxation	2,966,250	3,397,341
Adjustments for:		
Depreciation of property, plant and equipment	759,931	819,159
Depreciation of investment properties	40,086	53,266
Gain on disposal of property, plant and equipment	(12,458)	(24,515)
Finance costs	74,086	124,691
Impairment and bad debts written off on trade receivables	<u>251,500</u>	<u>14,890</u>
Operating cash flow before movement in working capital	4,079,395	4,384,832
Movements in working capital:		
(Increase) decrease in trade receivables	(5,060,567)	236,367
(Increase) decrease in deposits, prepayment and other receivables	(491,567)	764,675
Decrease (increase) in amount due from customers for construction work	749,805	(1,040,972)
Increase (decrease) in trade and other payables	5,680,315	(6,011,042)
Increase (decrease) in amount due to customers for construction work	<u>356,564</u>	<u>(464,593)</u>
Cash generated from (used in) operations	5,313,945	(2,130,733)
Income taxes refund (paid)	<u>17,000</u>	<u>(36,483)</u>
Net cash from (used in) operating activities	<u>5,330,945</u>	<u>(2,167,216)</u>
Investing activities		
Purchase of property, plant and equipment	(1,523,566)	(271,052)
Proceeds from disposal of property, plant and equipment	68,258	34,915
Advance to related parties	(185,307)	—
Repayment of advance to a related party	<u>10,700</u>	<u>30,040</u>
Net cash used in investing activities	<u>(1,629,915)</u>	<u>(206,097)</u>
Financing activities		
Advance from a director	—	789,913
Repayment to a director	(1,171,376)	(1,396,569)
Repayment of finance leases	(74,477)	(145,575)
Proceeds from borrowings	3,689,480	5,906,154
Repayment of borrowings	(3,133,840)	(5,071,190)
Interest paid	<u>(74,086)</u>	<u>(124,691)</u>
Net cash used in financing activities	<u>(764,299)</u>	<u>(41,958)</u>
Net increase (decrease) in cash and cash equivalents	2,936,731	(2,415,271)
Cash and cash equivalents at beginning of the year	<u>264,877</u>	<u>3,201,608</u>
Cash and cash equivalents at end of the year		
represented by bank balances and cash	<u>3,201,608</u>	<u>786,337</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 64 Woodlands Industrial Park E9, Singapore 757833.

The Company is an investment holding company and its only operating subsidiary, G-Tech Metal, is engaged in designing, supplying, fabricating and erecting structural steelworks for the constructions of buildings including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings and provision of pre-fabricated steel structures or on-site installation services.

The functional currency of the Company is Singapore dollars (“S\$”), which is also the presentation currency of the Company and its principal subsidiaries as set out in Note 32.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs and the conventions applicable for group reorganisation (details are set out below).

In preparing for the initial listing of the shares of the Company on the GEM of the Stock Exchange, the companies comprising the Group underwent a group reorganisation as described below (the “Reorganisation”). Prior to the Reorganisation, G-Tech Metal, the only operating subsidiary of the Group, was controlled by Mr. Ong Cheng Yew (the “Controlling Shareholder”). As part of the Reorganisation, investment holding companies, Chirton Investments Limited (“Chirton Investments”) and the Company, were incorporated and interspersed between G-Tech Metal and the Controlling Shareholder. Since then, the Company became the holding company of Group on 21 June 2017. The Group comprising the Company, Chirton Investments and G-Tech Metal, resulting from the Reorganisation has always been under the common control of the Controlling Shareholder during the Track Record Period and before and after the Reorganisation. Therefore, it is regarded as a continuing entity and the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The Reorganisation comprised of the following steps:

1. On 22 December 2016, Broadville Limited (“Broadville”, the Company’s holding company which is not forming part of the Group) was incorporated in the British Virgin Islands (“BVI”) with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1, of which 1 fully paid share had been allotted and issued at par to Mr. Ong Cheng Yew on 17 January 2017.
2. On 28 November 2016, Chirton Investments was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1, of which 1 fully paid share had been allotted and issued at par to Broadville on 17 January 2017.
3. On 1 February 2017, the Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law and the initial one nil-paid subscriber share (the “Incorporation Shares”) was issued to the initial subscriber and was transferred to Broadville nil-paid on the same day. The authorised share capital of the Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each at the time of incorporation.

4. On 16 June 2017, Mr. Ong Cheng Yew transferred the entire issued share capital of G-Tech Metal to Chirton Investments for a consideration which was settled by allotting and issuing one share in Chirton Investments, credited as fully paid, to Broadville at the direction of Mr. Ong Cheng Yew.
5. On 21 June 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares.
6. On 21 June 2017, in consideration of Broadville transferring the entire issued share capital of Chirton Investments to the Company, the Company allotted and issued 9,999 new shares, credited as fully paid, to Broadville. After completion of the above transaction, G-Tech Metal became an indirect wholly-owned subsidiary of the Company.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where this is a shorter period.

The combined statements of financial position of the Group as at 31 December 2015 and 2016 have been prepared to present the assets and liabilities of the companies comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 January 2016 throughout the Track Record Period.

At the date of issuance of this report, the Group has not early applied the following new and amendments to IFRSs and International Accounting Standards ("IASs") that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ³
IFRS 17	Insurance Contracts ⁶
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ³
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 7	Disclosure Initiative ²
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ²
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

⁶ Effective for annual periods beginning on or after 1 January 2021

Except as described below, the management of the Group considers that the application of the other new and amendments to IFRSs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Specifically, pursuant to IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments*:

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments, Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39 under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the management of the Group anticipates that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as

well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2015 and 2016, the Group has non-cancellable operating lease commitments of S\$422,400 and S\$458,772, respectively as disclosed in note 26. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payment*, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the future economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from construction services

Revenue from construction services is recognised in accordance with the Group's accounting policy on construction contracts (see below construction contracts policy).

(ii) Revenue from provision of installation and auxiliary services

Revenue from provision of installation and auxiliary services is recognised when the services are provided.

(iii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Rental income

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion, depending on the type of projects, is measured by contract costs incurred to date as compared to the estimated total contract costs.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress claims approved by customers, the surplus is shown as amounts due from customers for contract work. For contracts where progress claims approved by customers exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Provisions

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

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the combined statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund (“CPF”) are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the combined statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the combined statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of investment properties less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash, and amounts due from a director and a related party) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is generally reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related companies and to a director and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Historical Financial Information when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which is reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair values less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Dividend distribution

Dividend distribution to the Group's shareholder is recognised as a liability in the Group's and the company's financial statements in the period in which the dividends are approved by the company's shareholders or director, where appropriate.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

The estimated total contract cost is based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration of historical trends of the amounts incurred, quotation provided by the major suppliers/subcontractors and the experiences of the management. Significant assumptions are required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for variation works that are recoverable from customers. In making these estimates, the Group relies on past experience and the work of surveyors. In addition, the valuation of construction contracts can be subject to uncertainty in respect of variation works and estimation of future costs.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 18 to the Historical Financial Information.

Estimated impairment of receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year ended 31 December 2015 and 2016, an amount of S\$251,500 and S\$14,890 was impaired and written off. The carrying amounts of the trade and other receivables are disclosed in Notes 16 and 17 to the Historical Financial Information respectively.

Unbilled revenue

Unbilled revenue representing accrued revenue earned based on time-recorded on an assignment estimated to be recoverable in subsequent financial periods and it is probable that the economic benefits associated with the transaction will flow to the Group. Where the actual collection of receivables upon billing to customers are less than expected, a loss may arise. The carrying amounts of the unbilled revenue is disclosed in Note 16 to the Historical Financial Information.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of construction services, installation and auxiliary services provided by the Group to external customers. The Group's operations is solely derived from Singapore during the Track Record Period.

Information is reported to the Controlling Shareholder, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 4. The CODM reviews revenue by category, i.e. provision of services comprising design, supply, fabrication and erection of structural steel-works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore and other installation and auxiliary services by the Group to external customers for the respective reporting period. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the Track Record Period is as follows:

	Year ended 31 December	
	2015	2016
	S\$	S\$
<i>Revenue from:</i>		
Provision of structural steelwork services	<u>35,968,343</u>	<u>22,003,922</u>

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December	
	2015	2016
	S\$	S\$
Customer I	25,089,402	8,669,416
Customer II	N/A*	4,000,651
Customer III	N/A*	2,408,611
	<u>25,089,402</u>	<u>15,078,678</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

7. a. OTHER INCOME

	Year ended 31 December	
	2015	2016
	S\$	S\$
Management fee income (<i>note i</i>)	120,000	70,000
Accommodation income (<i>note ii</i>)	122,661	—
Insurance claim receipt	35,757	50,107
Government grants	26,841	50,206
Rental income	64,509	105,502
Sundry income	37,811	22,387
	<u>407,579</u>	<u>298,202</u>

Note:

- i. The management fee income represents the charges for secondment of project manager to a related company (details set out in Note 28).
- ii. The accommodation income represents the charges to subcontractors or suppliers for providing dormitory to their workers on ad hoc basis.

b. OTHER GAINS

	Year ended 31 December	
	2015	2016
	S\$	S\$
Gain on disposal of property, plant and equipment	<u>12,458</u>	<u>24,515</u>

c. OTHER EXPENSES

	Year ended 31 December	
	2015	2016
	S\$	S\$
Impairment and bad debts written off on trade receivables	251,500	14,890

8. FINANCE COSTS

	Year ended 31 December	
	2015	2016
	S\$	S\$
<i>Interest on:</i>		
Bank borrowings		
— wholly repayable within five years	40,532	78,965
— not wholly repayable within five years	24,497	23,975
Finance leases	9,057	21,751
	<u>74,086</u>	<u>124,691</u>

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2016
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	—	195,910
— Under provision in prior years	10,469	29,014
Deferred tax (<i>Note 24</i>)		
— Current year	61,492	25,601
— Under (over) provision in prior years	18,508	(87,204)
	<u>90,469</u>	<u>163,321</u>

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, capped at S\$30,000 for each of the Year of Assessment 2013 to 2015 and adjusted to 50%, capped at \$20,000 for each of the Year of Assessment 2016 to 2017, determined based on financial year end date of G-Tech Metal, which is 31 December. G-Tech Metal can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

The taxation for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2016
	S\$	S\$
Profit before taxation	2,966,250	3,397,341
Tax at applicable tax rate of 17%	504,263	577,548
Tax effect of expenses not deductible for tax purpose	98,340	104,626
Tax effect of income not taxable for tax purpose	(5,738)	(2,416)
Effect of tax concessions (<i>note a</i>)	(535,373)	(458,247)
Under provision of current tax in prior years	10,469	29,014
Under (over) provision of deferred tax in prior years	<u>18,508</u>	<u>(87,204)</u>
Taxation for the year	<u>90,469</u>	<u>163,321</u>

Note:

- (a) Tax concessions pertains to incentive schemes given by the Singapore tax authority. One of the major tax concession is Productivity and Innovation Credit (“PIC”) Scheme. Under the PIC Scheme, G-Tech Metal enjoys 400% tax deductions for qualifying expenditure incurred from the Years of Assessment 2011 to 2018.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December	
	2015	2016
	S\$	S\$
Depreciation of property, plant and equipment		
Recognised in cost of services	401,376	465,563
Recognised in administrative expenses	<u>358,555</u>	<u>353,596</u>
	<u>759,931</u>	<u>819,159</u>
Gross rental income from investment properties	64,509	105,502
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>(40,086)</u>	<u>(53,266)</u>
	<u>24,423</u>	<u>52,236</u>
Directors' remuneration (<i>Note 11</i>)	164,490	216,480
Other staff costs		
— Salaries and wages	4,362,414	4,627,516
— Defined contribution plans	111,011	97,177
— Other staff benefits	<u>9,892</u>	<u>41,883</u>
Total staff costs	<u>4,483,317</u>	<u>4,766,576</u>
Cost of materials recognised as expenses	8,677,057	4,532,283
Subcontractor costs recognised as expenses	<u>12,456,116</u>	<u>4,785,568</u>

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

Both Mr. Ong Cheng Yew and Ms. Koh Siew Khing were appointed as directors of the Company on 1 February 2017 respectively. The emoluments paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are as follows:

Details of the emoluments paid to each of the directors of the Company are as follows:

Year ended 31 December 2015

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S\$	S\$	S\$	S\$	S\$
Executive Directors					
Mr. Ong Cheng Yew	—	—	120,000	10,200	130,200
Ms. Koh Siew Khing	—	12,000	18,000	4,290	34,290
	—	12,000	138,000	14,490	164,490

Year ended 31 December 2016

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S\$	S\$	S\$	S\$	S\$
Executive Directors					
Mr. Ong Cheng Yew	—	—	120,000	12,240	132,240
Ms. Koh Siew Khing	—	—	72,000	12,240	84,240
	—	—	192,000	24,480	216,480

- (i) Mr. Ong Cheng Yew acts as chairman of the Company.
- (ii) Ms. Koh Siew Khing acts as executive director of the Company.
- (iii) No other retirement benefits were paid to Mr. Ong Cheng Yew and Ms. Koh Siew Khing in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Group.

During the Track Record Period, no remuneration was paid by the Group to the directors or other 5 highest paid individuals of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived or agreed to waive any remuneration during the Track Record Period.

Employees' remuneration

The five highest paid employees of the Group during the year ended 31 December 2015 and 2016 included one and two directors, respectively details of whose remunerations are set out above. Details of the remuneration for the remaining four and three highest paid employees who are not director of the Company are as follow:

	Year ended 31 December	
	2015	2016
	S\$	S\$
Salaries and allowances	284,143	237,760
Discretionary bonus	83,442	27,480
Contribution to retirement benefits scheme	<u>32,865</u>	<u>32,078</u>
	<u>400,450</u>	<u>297,318</u>

The five highest paid individuals were within the following bands:

	Number of Employee	
	Year ended 31 December	
	2015	2016
Emolument bands		
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>
	<u>5</u>	<u>5</u>

12. DIVIDEND

In 2015, G-Tech Metal declared a tax exempt interim dividend amounting to S\$500,000 to its shareholder in respect of the financial year ended 31 December 2015.

The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

No dividend was paid or declared by the Company since its incorporation.

13. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

14. PROPERTY, PLANT AND EQUIPMENT

	Properties erected on leasehold land S\$	Motor vehicles S\$	Office equipment S\$	Plant and machinery S\$	Leasehold improvement S\$	Property under construction S\$	Total S\$
Cost							
At 1 January 2015	1,960,500	371,230	288,058	730,153	408,304	1,037,942	4,796,187
Additions	—	538,277	129,881	652,435	296,045	543,632	2,160,270
Transfer to investment properties	(460,500)	—	—	—	—	(1,581,574)	(2,042,074)
Disposals	—	(185,337)	(29,323)	(39,100)	—	—	(253,760)
At 31 December 2015	<u>1,500,000</u>	<u>724,170</u>	<u>388,616</u>	<u>1,343,488</u>	<u>704,349</u>	<u>—</u>	<u>4,660,623</u>
Additions	—	234,300	18,068	144,075	27,879	—	424,322
Disposals	—	(48,800)	—	(48,000)	—	—	(96,800)
At 31 December 2016	<u>1,500,000</u>	<u>909,670</u>	<u>406,684</u>	<u>1,439,563</u>	<u>732,228</u>	<u>—</u>	<u>4,988,145</u>
Accumulated depreciation							
At 1 January 2015	165,933	185,750	201,656	463,959	99,506	—	1,116,804
Charge for the year	250,000	140,307	75,600	191,463	102,561	—	759,931
Transfer to investment properties	(40,933)	—	—	—	—	—	(40,933)
Elimination on disposals	—	(130,937)	(29,323)	(37,700)	—	—	(197,960)
At 31 December 2015	<u>375,000</u>	<u>195,120</u>	<u>247,933</u>	<u>617,722</u>	<u>202,067</u>	<u>—</u>	<u>1,637,842</u>
Charge for the year	250,000	134,324	92,286	215,563	126,986	—	819,159
Elimination on disposals	—	(48,800)	—	(37,600)	—	—	(86,400)
At 31 December 2016	<u>625,000</u>	<u>280,644</u>	<u>340,219</u>	<u>795,685</u>	<u>329,053</u>	<u>—</u>	<u>2,370,601</u>
Carrying values							
At 31 December 2015	<u>1,125,000</u>	<u>529,050</u>	<u>140,683</u>	<u>725,766</u>	<u>502,282</u>	<u>—</u>	<u>3,022,781</u>
At 31 December 2016	<u>875,000</u>	<u>629,026</u>	<u>66,465</u>	<u>643,878</u>	<u>403,175</u>	<u>—</u>	<u>2,617,544</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Properties erected on leasehold land	6 to 45 years (shorter of lease terms of land on which building were erected)
Motor vehicles	1 to 10 years
Office equipment	3 years
Plant and machinery	5 years
Leasehold Improvement	5 years

Included in the additions of machineries and motor vehicles were assets amounting to S\$636,704 and S\$153,270 in aggregate, which were acquired under hire purchase arrangements during the year ended 31 December 2015 and 2016. These constituted as non-cash transactions during the respective years.

Leased assets are pledged as security for the related finance lease liabilities. The carrying value of below items are assets held under finance leases:

	As at 31 December	
	2015	2016
	S\$	S\$
Machinery and motor vehicles	<u>683,382</u>	<u>735,962</u>

15. INVESTMENT PROPERTIES

	As at 31 December	
	2015	2016
	S\$	S\$
<i>Cost:</i>		
At beginning of the year	967,052	2,968,193
Transfer from property, plant and equipment	<u>2,001,141</u>	<u>—</u>
At end of year	<u><u>2,968,193</u></u>	<u><u>2,968,193</u></u>
<i>Accumulated depreciation:</i>		
At beginning of the year	83,367	123,453
Charge for the year	<u>40,086</u>	<u>53,266</u>
At end of year	<u><u>123,453</u></u>	<u><u>176,719</u></u>
Net Carrying value	<u><u>2,844,740</u></u>	<u><u>2,791,474</u></u>

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	Over the lease terms, ranging between 45–58 years
Freehold property	60 years

All of the Group's property interests are freehold or under finance lease and leased out under operating leases for lease terms of 2 years to earn rentals or for capital appreciation purposes are measured using the costs model and are classified and accounted for as investment properties.

The investment properties comprise industrial properties that are leased to external customers. The leases contain initial non-cancellable period of 2 years. Subsequent renewal is negotiated with the lessees. The investment properties are mortgaged to the banks to secure for bank loans as at 31 December 2015 and 2016.

At 31 December 2015 and 2016, the fair values of the investment properties amounted to S\$3,780,000 and S\$3,619,000, respectively. The fair values have been arrived at by the management and based on a valuation carried out by Greater China Appraisal Limited (located at Room 2703, Shui On Centre, 6–8 Harbour Road, Hong Kong), a firm regulated by Royal Institution of Chartered Surveyors (RICS) for the year ended 31 December 2015 and 2016, respectively. Greater China Appraisal Limited is not connected with the Group. The fair values are arrived using comparable market transactions of similar properties in the neighbourhood that have been transferred in the open market, and the investment method for the year ended 31 December 2015 and 2016, respectively.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at end of the reporting period are as follows:

	Fair value Level 3 S\$
— As at 31 December 2015	
421 Tagore Ind. Avenue #02-14, Singapore	1,700,000
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	675,000
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	725,000
No. 21 Woodlands Park E1 #03-05, Singapore	<u>680,000</u>
Total	<u><u>3,780,000</u></u>
— As at 31 December 2016	
421 Tagore Ind. Avenue #02-14, Singapore	1,710,000
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	634,000
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	707,000
No. 21 Woodlands Park E1 #03-05, Singapore	<u>568,000</u>
Total	<u><u>3,619,000</u></u>

There was no transfer into or out of level 3 during the Track Record Period.

16. TRADE RECEIVABLES

	As at 31 December	
	2015	2016
	S\$	S\$
Trade receivables	2,253,141	3,218,079
Less: Allowance for doubtful debts	<u>(109,459)</u>	<u>—</u>
	2,143,682	3,218,079
Unbilled revenue (<i>note a</i>)	2,820,076	3,011,326
Retention receivables (<i>note b</i>)	<u>4,443,310</u>	<u>2,926,406</u>
	<u><u>9,407,068</u></u>	<u><u>9,155,811</u></u>

Note:

- (a) Unbilled revenue are those accrued revenue which payment certificate is issued by the customers but no billing has been raised to customer.
- (b) Retention monies held by customers for construction work are classified as current as they are expected to be received within the Company's normal operating cycle.

The average credit period granted to the customers is from 30 to 60 days, from the invoice date for trade receivables. The table below is an analysis of trade receivables presented based on the invoice dates as at the end of each reporting period:

	As at 31 December	
	2015	2016
	S\$	S\$
Within 30 days	1,922,374	2,269,424
31 days to 60 days	86,553	781,370
61 days to 90 days	56,513	3,090
Over 90 days	<u>78,242</u>	<u>164,195</u>
	<u>2,143,682</u>	<u>3,218,079</u>

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

The carrying values of trade receivables approximate their fair values. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from rendering of services, determined by reference to individual customer's credit quality. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and provide allowance on those doubtful debts timely.

Movements in the allowance for doubtful receivables:

	2015	2016
	S\$	S\$
Balance at beginning of year	109,459	109,459
Impairment charged to profit or loss	251,500	14,890
Written off during the year	<u>(251,500)</u>	<u>(124,349)</u>
Balance at end of year	<u>109,459</u>	<u>—</u>

Included in the Group's trade receivables are aggregate carrying amounts of approximately S\$141,175 and S\$691,662 which are past due at 31 December 2015 and 2016, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer. The Group does not charge interest nor hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired at each reporting date:

	As at 31 December	
	2015	2016
	S\$	S\$
31 days to 60 days	6,420	524,378
61 days to 90 days	56,513	3,090
Over 90 days	<u>78,242</u>	<u>164,194</u>
	<u>141,175</u>	<u>691,662</u>

During the year ended 31 December 2015 and 2016, an amount of S\$251,500 and S\$14,890 was impaired and written off as the collection from the concerning debtor is highly unlikely after taking various follow-up measures.

In determining the recoverability of trade receivables, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of each of the reporting period. In the opinion of the management of the Group, apart from those balances for which allowances have been provided, other trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of unsettled balances.

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2016
	S\$	S\$
Deposits	117,982	108,360
Prepayments	661,542	65,600
Advances to staff	21,848	1,376
Goods and Service Tax ("GST") receivable	<u>138,639</u>	<u>—</u>
	<u>940,011</u>	<u>175,336</u>

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORKS

	As at 31 December	
	2015	2016
	S\$	S\$
Aggregate amount of contract costs incurred and recognised profits		
less recognised losses	28,753,394	11,265,290
Less: progress claims approved by customers	<u>(29,090,435)</u>	<u>(10,096,766)</u>
	<u>(337,041)</u>	<u>1,168,524</u>
<i>Analysed for reporting purposes as:</i>		
Amounts due from customers for construction work	265,690	1,306,662
Amounts due to customers for construction work	<u>(602,731)</u>	<u>(138,138)</u>
	<u>(337,041)</u>	<u>1,168,524</u>

19. AMOUNTS DUE FROM (TO) A RELATED COMPANY/A DIRECTOR

a. Amounts due from a related company

	As at 1 January 2015 S\$	As at 31 December 2015 S\$	2016 S\$
<i>Non-trade related</i>	<u>10,700</u>	<u>30,040</u>	<u>—</u>
Analysed as:			
Li Poh Construction Pte. Ltd.	<u>10,700</u>	<u>30,040</u>	<u>—</u>

The related company is under the control of the Company's Controlling Shareholder. Amounts due from the related company is non-trade related, unsecured, interest free and without a fixed repayment term. The maximum amount of the balances due from the related company during the year ended 31 December 2015 and 2016 is S\$30,040 and S\$30,040 respectively.

b. Amounts due from a director

	As at 1 January 2015 S\$	As at 31 December 2015 S\$	2016 S\$
Mr. Ong Cheng Yew	<u>1,202,354</u>	<u>1,428,997</u>	<u>135,653</u>

The balance of amount due from a director is non-trade related, non-interest bearing and repayable on demand. The maximum amount of the balances due from a director during the year ended 31 December 2015 and 2016 is S\$1,428,997 and S\$1,452,956 respectively.

c. Amount due to a director

The balance as at 31 December 2015 is unsecured, non-trade related, non-interest bearing and without a fixed repayment term.

20. BANK BALANCES AND CASH

	As at 31 December 2015 S\$	2016 S\$
Cash and bank balances	<u>3,201,608</u>	<u>786,337</u>

21. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2016
	S\$	S\$
Trade payable	7,559,398	2,102,468
Trade accruals	<u>422,438</u>	<u>—</u>
	<u>7,981,836</u>	<u>2,102,468</u>
GST payables	—	266,128
Other payables	186,869	171,486
Deposit received	12,480	23,030
Provision for unutilised leave	51,408	29,108
Dividend payable	500,000	—
Salaries and CPF payables	<u>610,916</u>	<u>240,247</u>
	<u>9,343,509</u>	<u>2,832,467</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2015	2016
	S\$	S\$
Within 30 days	3,099,277	309,267
31 days to 60 days	3,286,611	477,100
61 days to 90 days	678,527	542,341
Over 90 days	<u>494,983</u>	<u>773,760</u>
	<u>7,559,398</u>	<u>2,102,468</u>

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum leases payments	
	As at 31 December		As at 31 December	
	2015	2016	2015	2016
	S\$	S\$	S\$	S\$
<i>Amounts payable under finance leases</i>				
Within one year	143,472	168,711	119,337	143,040
In more than one year but no more than two years	133,610	159,108	114,688	139,866
In more than two year but no more than five years	327,817	324,905	294,941	290,879
More than five years	<u>65,207</u>	<u>25,499</u>	<u>62,082</u>	<u>24,958</u>
	670,106	678,223	591,048	598,743
Less: future finance charges	<u>(79,058)</u>	<u>(79,480)</u>		
Present value of lease obligations	<u>591,048</u>	<u>598,743</u>		
Less: Amount due for settlement within one year (shown under current liabilities)			<u>(119,337)</u>	<u>(143,040)</u>
Amount due for settlement after one year			<u>471,711</u>	<u>455,703</u>

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period. The interest rate during the Track Report Period is as disclosed below:

	As at 31 December	
	2015	2016
Interest rates	<u>3.09%–7.48%</u>	<u>3.09%–7.48%</u>

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 14).

23. BORROWINGS

	As at 31 December	
	2015	2016
	S\$	S\$
Bank loans — Secured	1,997,148	1,746,294
Bank loans — Unsecured	<u>358,000</u>	<u>1,443,818</u>
	2,355,148	3,190,112
<i>Analysed as:</i>		
Carrying amount repayable within one year	743,607	1,749,147
Carrying amount repayable more than one year, but not exceeding two years	292,302	144,010
Carrying amount repayable more than two years, but not more than five years	352,198	279,201
Carrying amount repayable more than five years	<u>967,041</u>	<u>1,017,754</u>
	2,355,148	3,190,112
Less: Amount due within one year shown under current liabilities	<u>743,607</u>	<u>1,749,147</u>
Amounts shown under non-current liabilities	<u><u>1,611,541</u></u>	<u><u>1,440,965</u></u>

Note:

The bank loans are guaranteed by Mr. Ong Cheng Yew. At 31 December 2015 and 2016, the bank loans of S\$1,997,148 and S\$1,746,294, respectively, are secured by first legal charge and the pledge over the Group's investment properties and the bank loans bear floating interest rates with weighted average effective interest rate at 2.93% and 3.26% per annum, respectively. The amounts are repayable at the dates ranging from 2016 to 2039 and from 2017 to 2039 as at 31 December 2015 and 2016, respectively.

24. DEFERRED TAX LIABILITIES

	As at 31 December	
	2015	2016
	S\$	S\$
As at 1 January	48,018	128,018
Recognised in profit or loss during the year:		
— Accelerated tax depreciation	61,492	25,601
— Over (under) provision of deferred tax in prior years	<u>18,508</u>	<u>(87,204)</u>
As at 31 December	<u><u>128,018</u></u>	<u><u>66,415</u></u>

The deferred tax liabilities are resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with tax law prevails in Singapore.

25. SHARE CAPITAL

The issued share capital as at 31 December 2015 and 2016 represented the share capital of G-Tech Metal.

During the year ended 31 December 2015, G-Tech Metal issued 1,250,000 ordinary shares of S\$1.00 each to Mr. Ong Cheng Yew, by way of capitalisation of accumulated profits.

26. OPERATING LEASE COMMITMENTS

The Company as lessee

	Year ended 31 December	
	2015	2016
	S\$	S\$
Minimum lease payments paid under operating lease in respect of factory and office premises	<u>339,480</u>	<u>365,892</u>

As at 31 December 2015 and 2016, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	As at 31 December	
	2015	2016
	S\$	S\$
Within one year	301,248	254,040
In the second to fifth year inclusive	<u>121,152</u>	<u>204,732</u>
	<u>422,400</u>	<u>458,772</u>

The leases have tenures ranging from one to two years and no contingent rent provision included in the contracts.

The Company as lessor

	Year ended 31 December	
	2015	2016
	S\$	S\$
Rental income	<u>64,509</u>	<u>105,502</u>

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	As at 31 December	
	2015	2016
	S\$	S\$
Within one year	28,477	103,536
In the second to fifth year inclusive	<u>—</u>	<u>37,908</u>
	<u>28,477</u>	<u>141,444</u>

27. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the year ended 31 December 2015, the Group contributes up to 16% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S\$5,000 per month. From 1 January 2016 the Group's contribution rates are adjusted to up to 17% of the eligible employees' salaries, with each employee's qualifying salary capped at S\$6,000 per month.

The total costs charged to profit or loss, amounting to S\$125,501 and S\$121,657 for the years ended 31 December 2015 and 2016 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2015 and 2016, the CPF contribution payables amounted to S\$42,325 and S\$26,024 which were paid subsequent to the end of the respective years.

28. RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

Management fee income

	Year ended 31 December	
	2015	2016
	S\$	S\$
Li Poh Construction Pte. Ltd.	120,000	70,000
	120,000	70,000

The remuneration of directors and other members of key management during each year of the Track Record Period were as follows:

	Year ended 31 December	
	2015	2016
	S\$	S\$
Short-term benefits	361,200	379,240
Post-employment benefits	37,255	47,198
	398,455	426,438

Guaranteed from the Controlling Shareholder

The Controlling Shareholder provided personal guarantees in respect of bank borrowings in favor of the Group during the Track Record Period, of which S\$2,355,148 and S\$3,190,112 remained outstanding as at 31 December 2015 and 2016 respectively.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, as disclosed in Notes 22 and 23, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

30. FINANCIAL RISK MANAGEMENT**Categories of financial instruments**

	As at 31 December	
	2015	2016
	S\$	S\$
Financial assets		
— Loans and receivables		
Trade receivables	9,407,068	9,155,811
Other receivables	139,830	109,736
Amounts due from a related company	30,040	—
Amounts due from a director	1,428,997	135,653
Bank balances and cash	<u>3,201,608</u>	<u>786,337</u>
	<u>14,207,543</u>	<u>10,187,537</u>
Financial liabilities		
— Amortised cost		
Trade and other payables	9,343,509	2,566,339
Borrowings	2,355,148	3,190,112
Amount due to a director	<u>1,400,000</u>	<u>—</u>
	<u>13,098,657</u>	<u>5,756,451</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from/to related parties, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances, and variable rate of interest incurred on borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance leases. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower than the Singapore Interbank Offered Rate ("SIBOR") and all other variables were held constant, the Group's profit for the year ended 31 December 2015 and 2016 would decrease/increase by approximately S\$11,776 and S\$15,951 respectively.

(b) Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2015 and 2016.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provide for on timely manner. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 74% and 73% of total trade receivables outstanding at 31 December 2015 and 2016 were due from top 5 customers which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits and balances placed in 3 banks in which the counterparties are financially sound and on trade receivables from top 5 customers, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flows S\$	Carrying amount S\$
As at 31 December 2015								
<i>Non-interest bearing</i>								
Trade and other payables	N/A	9,343,509	—	—	—	—	9,343,509	9,343,509
Amount due to a director	N/A	1,400,000	—	—	—	—	1,400,000	1,400,000
<i>Interest bearing instruments</i>								
Finance leases	4.54%	37,542	37,524	68,406	461,427	65,207	670,106	591,048
Borrowings	2.93%	336,893	237,556	212,815	779,722	1,244,662	2,811,648	2,355,148
		<u>11,117,944</u>	<u>275,080</u>	<u>281,221</u>	<u>1,241,149</u>	<u>1,309,869</u>	<u>14,225,263</u>	<u>13,689,705</u>
	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flows S\$	Carrying amount S\$
As at 31 December 2016								
<i>Non-interest bearing</i>								
Trade and other payables	N/A	2,566,339	—	—	—	—	2,566,339	2,566,339
<i>Interest bearing instruments</i>								
Obligations under finance leases	4.73%	42,978	42,978	82,755	484,013	25,499	678,223	598,743
Borrowings	3.26%	1,313,281	367,509	129,860	532,040	1,229,435	3,571,675	3,190,112
		<u>3,922,598</u>	<u>410,037</u>	<u>212,615</u>	<u>1,016,053</u>	<u>1,254,934</u>	<u>6,816,237</u>	<u>6,355,194</u>

(d) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

31. NON-CASH TRANSACTION

During the year ended 31 December 2015, amount due from a related party of S\$155,207 was settled with amount due from a director.

During the year ended 31 December 2016, amount due from a director was settled by off setting with dividend payable of S\$500,000 and amount due to a director of S\$1,500,000.

32. PARTICULARS OF IN SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital	Equity interest attributable to the Company as at			Principal activities	Notes
			31 December 2015	31 December 2016	the date of this report		
<i>Directly held:</i>							
Chirton Investments	BVI, 28 December 2016	US\$1	N/A	N/A	100%	Investment holding	(a)
<i>Indirectly held:</i>							
G-Tech Metal	Singapore, 4 June 2003	S\$3,000,000	100%	100%	100%	Provision of structural steelwork services	(b)

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

- (a) No audited financial statements of the Company and Chirton Investments have been prepared since their respective dates of incorporation as they are incorporated in the jurisdictions where there are no statutory audit requirements.
- (b) The statutory financial statements of G-Tech Metal for the year ended 31 December 2015 and 2016 were prepared in accordance with Singapore Financial Reporting Standards ("SFRSs") issued by Accounting Standards Council in Singapore and were audited by Deloitte & Touche LLP, a Singapore certified public accountants registered in Singapore.

33. SUBSEQUENT EVENTS

Save as elsewhere disclosed in this report, subsequent events of the Group are detailed as below.

On 21 June 2017, written resolutions of the sole shareholder of the Company were passed to approve the matters set out in the paragraph headed “Written resolutions of our sole Shareholder passed on 21 June 2017” in appendix V to the Prospectus. It was resolved, among other things:

- (i) the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 share of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares; and
- (ii) conditionally approved and adopted a Share Option Scheme, the principle terms of which are set out in the paragraph headed “D. Share Option Scheme” in appendix V to the Prospectus; and
- (iii) conditional upon the share premium account of the Company being credited as a result of the Share Offer, an amount of HK\$3,599,900 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par 359,990,000 shares for allotment and issue to the sole shareholder whose name appeared on the register of members of the Company at the close of business on 21 June 2017.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 31 December 2016.

Notes:

- (1) The audited combined net tangible assets of the Group attributable to the owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the issue of the New Shares pursuant to the proposed Share Offer are based on 120,000,000 New Shares at the Offer Price of lower limit and upper limit of HK\$0.50 and HK\$0.70 per New Share, after deduction of the underwriting commissions and fees and other related expenses, other than those expenses which had been recognised in profit or loss prior to 31 December 2016.

The calculation of such estimated net proceeds does not take into account of any Shares which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General Mandate to Allot and Issue Shares" or "Share Capital — General Mandate to Repurchase Shares" in this prospectus. The estimated net proceeds from the proposed Offering are converted from Hong Kong dollars into Singapore dollars at an exchange rate of S\$1.00 to HK\$5.50. No representation is made that Hong Kong dollars amounts have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at all.

- (3) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2016 per Share is calculated based on 480,000,000 Shares in issue immediately following the completion of the proposed Share Offer and the Capitalisation Issue. It does not take into account of any Shares which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General Mandate to Allot and Issue Shares" or "Share Capital — General Mandate to Repurchase Shares" in this prospectus.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2016 to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2016.

The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is converted from Singapore dollars into Hong Kong dollars at the rate of HK\$5.50 to S\$1.00. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

- (5) By comparing the valuation of the investment properties as set out in the valuation report prepared by Greater China Appraisal Limited dated 30 June 2017, the net valuation surplus is approximately S\$840,000 as compared to the carrying amounts of the investment properties as at 31 May 2017, which has not been included in the above combined net tangible assets of the Group. The valuation surplus of the investment properties will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the combined financial statements, an additional annual depreciation charge of approximately S\$15,000 would be incurred.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of GT Steel Construction Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GT Steel Construction Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 31 December 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 June 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of the shares of the Company (the "Share Offer") on the Group's financial position as at 31 December 2016 as if the proposed Share Offer had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended 31 December 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 June 2017

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 31 May 2017 of the real property interests of GT Steel Construction Group Limited.

GREATER CHINA APPRAISAL LIMITED

漢華評估有限公司

30 June 2017

The Board of Directors
GT Steel Construction Group Limited
64 Woodlands Industrial Park E9
Singapore
757833

Dear Sirs,

In accordance with the instructions from GT Steel Construction Group Limited (the “Company”) to value certain real property interests held by the Company and/or its subsidiaries (together referred to as the “Group”) in Singapore, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property interests as at 31 May 2017 (referred to as the “valuation date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the real properties and the limiting conditions.

I. BASIS OF VALUATION

The valuation of the real property interests is our opinion of the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

We have valued the real property interests by using the investment method whereby the rents receivable during the residue period of the existing tenancies are capitalized at an appropriate capitalization rate with due allowance for the reversionary interests after expiry of the tenancies.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interests on the open market in their existing states without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the real property interests.

For the real properties which are held under long term government leases, we have assumed that the owner of the real properties has free and uninterrupted rights to use, transfer or lease the real properties for the whole of the unexpired term of the respective government leases. In our valuation, we have assumed that these real properties can be freely disposed of, transferred and leased to third parties on the open market without any additional payment to the relevant government authorities.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environmental impact study has been ordered or made. Full compliance with applicable local, provincial and national environmental regulations and laws is assumed. In addition, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions of the valuation, if any, have been stated out in the footnotes of the valuation certificates.

IV. TITLESHP INVESTIGATION

We have caused searches made at the Singapore Land Authority in respect of the real properties located in Singapore. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copy handed to us.

V. LIMITING CONDITIONS

We have inspected the real properties. However, no structural survey has been made and we are therefore unable to report as to whether the real properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas of the real properties but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us by it on such matters as, as relevant, planning approvals, statutory notices, easements, tenure, occupation, lettings, rentals and floor areas and in the identification of the real properties. We have had no reason to doubt the truth and accuracy of the information provided by the Company. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the real property interests are free of encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

VI. OPINION OF VALUE

Our opinion of the market value of the real property interests is set out in the attached summary of values and valuation certificates.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

In valuing the real property interests, we have complied with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Site inspections of the real properties were conducted in February 2017 by Elen Chia (MSISV). The real properties were maintained in a reasonable condition commensurate with their ages and uses and equipped with normal building services.

Unless otherwise stated, all monetary amounts herein are denominated in the currency of Singapore Dollars (refer to as “S\$”).

We enclose herewith the summary of values and the valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

Mr. Gary Man
Registered Professional Surveyor (G.P.)
FRICS, FHKIS, MCIREA
Director

Note: Mr. Gary Man is a Chartered Surveyor who has more than 29 years of valuation experience in countries such as The PRC, Hong Kong, Singapore, Vietnam, Philippines and the Asia Pacific region.

SUMMARY OF VALUES

Real properties held by the Group in Singapore

No.	Real Property	Market Value in existing state as at 31 May 2017 (S\$)
1.	18 Sin Ming Lane #07-40 Midview City Singapore 573960	633,000
2.	18 Sin Ming Lane #07-41 Midview City Singapore 573960	705,000
3.	421 Tagore Industrial Avenue #02-14 Tagore 8 Singapore 787805	1,700,000
4.	21 Woodlands Industrial Park E1 #03-05 Singapore 757720	572,000
		<hr/>
	Total:	<u><u>3,610,000</u></u>

VALUATION CERTIFICATE

Real properties held by the Group in Singapore

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 May 2017
1.	18 Sin Ming Lane #07-40 Midview City Singapore 573960	The real property comprises a factory unit on the 7th Floor of an 8-storey industrial development. The building was completed in about 2011.	According to the information provided by the Company, the real property is subject to a tenancy for a term of 1 year commencing on 25 June 2016 and expiring on 24 July 2017 at a monthly rent of approximately S\$2,336 plus GST of S\$164, for industrial and office uses.	S\$633,000 (Singapore Dollar Six Hundred and Thirty Three Thousand)
	Lot No. MK18-U106523N	The gross floor area of the real property is approximately 119 square metres. The real property is held under leasehold estate for a term of 60 years commencing on 23 January 2008 and expiring on 22 January 2068.		

Notes:

- (i) The registered owner of real property is G-Tech Metal Pte. Ltd, a wholly-owned subsidiary of the Company, via instrument no. IC/563571B registered on 23 March 2012.
- (ii) The real property is subject to a mortgage via instrument no. IE/653042J registered on 3 February 2017.

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 May 2017
2.	18 Sin Ming Lane #07-41 Midview City Singapore 573960	The real property comprises a factory unit on the 7th Floor of an 8-storey industrial development. The building was completed in about 2011.	According to the information provided by the Company, the real property is subject to a tenancy for a term of 1 year commencing on 15 June 2016 and expiring on 14 December 2017 at a monthly rent of S\$2,500 plus GST of S\$175, for industrial and office uses.	S\$705,000 (Singapore Dollars Seven Hundred and Five Thousand)
	Lot No. MK18-U106524X	The gross floor area of the real property is approximately 133 square metres. The real property is held under leasehold estate for a term of 60 years commencing on 23 January 2008 and expiring on 22 January 2068.		

Notes:

- (i) The registered owner of real property is G-Tech Metal Pte. Ltd, a wholly-owned subsidiary of the Company, via instrument no. IC/563571B registered on 23 March 2012.
- (ii) The real property is subject to a mortgage via instrument no. IE/653042J registered on 3 February 2017.

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 May 2017
3.	421 Tagore Industrial Avenue #02-14 Tagore 8 Singapore 787805 Lot No. MK20-U17310V	The real property comprises a factory unit on the 2nd Floor of a 4-storey industrial development. The building was completed in about 2015. The gross floor area of the real property is approximately 278 square metres, including strata void area of 72 square metres. The real property is held under estate in perpetuity.	According to the information provided by the Company, the real property is subject to a tenancy for a term of 2 years commencing on 13 August 2016 and expiring on 12 August 2018 at a monthly rent of S\$2,600 for industrial and office uses.	S\$1,700,000 (Singapore Dollars One Million and Seven Hundred Thousand)

Notes:

- (i) The registered owner of real property is G-Tech Metal Pte. Ltd, a wholly-owned subsidiary of the Company, via instrument no. IE/405225P registered on 18 February 2016.
- (ii) According to information available to us, the real property was contracted on 26 February 2013 to transfer to G-Tech Metal Pte. Ltd. at a purchase price of S\$1,656,099.

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 May 2017
4.	21 Woodlands Industrial Park E1 #03-05 Singapore 757720 Lot No. MK13-U58990C	<p>The real property comprises a factory unit on the 3rd Floor of a 4-storey industrial development with a basement carpark. The building was completed in about 2000.</p> <p>The gross floor area of the real property is approximately 210 square metres. The real property is sub-divided into 2 units known as #03-05A and #03-05B, having a gross floor area of approximately 108 square metres and 102 square metres respectively.</p> <p>The real property is held under leasehold estate for a term of 60 years commencing on 9 January 1995 and expiring on 8 January 2055.</p>	<p>According to the information provided by the Company, the real property is subject to 2 various tenancies with the terms expiring on 30 April 2018 for Unit #03-05A and 15 July 2018 for Unit #03-05B at a total monthly rent of S\$3,800 for industrial and office uses.</p>	<p>S\$572,000 (Singapore Dollars Five Hundred and Seventy Two Thousand)</p>

Notes:

- (i) The registered owner of real property is G-Tech Metal Pte. Ltd, a wholly-owned subsidiary of the Company, via instrument no. IC/264567C registered on 4 May 2011.
- (ii) The real property is subject to a mortgage via instrument no. IE/260390V registered on 30 July 2015.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 February 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Memorandum of Association (the “Memorandum”) and its Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 21 June 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other

than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the board may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate

allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors

or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting, particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the

dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes

of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the

Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 28 February 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Takeovers

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the

terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 1 February 2017. Our Company's registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established its principal place of business in Hong Kong at 19/F., Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 23 February 2017. In connection with such registration, Mr. Chan Hank Daniel has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the laws of the Cayman Islands and its constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

- (a) The authorised share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one nil-paid Share was allotted and issued to the initial subscriber on the date of incorporation and was transferred to Broadbville on the same day at nil consideration.
- (b) On 21 June 2017, in consideration of Broadbville transferring the entire issued share capital of Chirton Investments to our Company, our Company (i) allotted and issued 9,999 new Shares, credited as fully paid, to Broadbville; and (ii) credited the one nil-paid Share registered in the name of Broadbville as fully paid.
- (c) Pursuant to the written resolutions of the sole Shareholder passed on 21 June 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares.
- (d) Pursuant to the Capitalisation Issue, our Company will allot and issue 359,990,000 Shares to Broadbville.
- (e) Immediately following completion of the Share Offer and the Capitalisation Issue, the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each and the issued share

capital of our Company will be HK\$4,800,000 divided into 480,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 4,520,000,000 Shares will remain unissued.

- (f) Save as aforesaid and as mentioned in the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 21 June 2017” in this appendix, there has been no alteration in the share capital of our Company since incorporation.
- (g) Save as disclosed in this prospectus, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

3. Written resolutions of our sole Shareholder passed on 21 June 2017

On 21 June 2017, written resolutions of the sole Shareholder were passed pursuant to which, among others:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares;
- (b) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;
- (c) conditional on: (A) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Share Offer, the Capitalisation Issue or the exercise of any options which may be granted under the Share Option Scheme); and (B) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares; and
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” in this appendix, were approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares upon the

exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (d) conditional upon the share premium amount of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$3,599,900 from the amount standing to the credit of the share premium account of our Company and applying such sum to pay up in full at par 359,990,000 Shares for allotment and issue to our sole Shareholder whose name appeared on the register of members of our Company at the close of business on 21 June 2017;
- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of a rights issue or any scrip dividend schemes or similar arrangements in accordance with the Articles or the Share Offer or the Capitalisation Issue, or an issue of Shares upon the exercise of any options which may be granted under the Share Option Scheme) Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first, PROVIDED that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be issued pursuant to the approval in paragraph (e) of this resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly;
- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first, PROVIDED that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be repurchased pursuant to the approval in paragraph (f) of this resolution as a percentage of

the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly; and

- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to or in accordance with the mandate to repurchase Shares referred to in paragraph (f) above.

4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Group structure” in this prospectus.

5. Changes in the share capital of subsidiaries of our Company

Our Company’s subsidiaries are referred to in the Accountants’ Report in this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and in the section headed “History, Reorganisation and Group structure” in this prospectus, our Company has no other subsidiaries.

Save for the alterations disclosed in the section headed “History, Reorganisation and Group structure” in this prospectus, there were no other alteration in the authorised or issued share capital of our subsidiaries which took place within two years immediately preceding the date of this prospectus.

6. Repurchases by our Company of our own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on the GEM to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our sole Shareholder on 21 June 2017, a general unconditional mandate was given to our Directors authorising any repurchase by our Company of Shares on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws of Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with a company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established. A listed company may not repurchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands laws, any repurchase by our Company may be made out of profits of our Company, out of the share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of our Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) Trading restrictions

Our Company may repurchase up to 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchase the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a share repurchase as the Stock Exchange may

require. Our Company shall not purchase Shares if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which the Shares were traded on GEM.

(iv) Status of repurchased shares

All repurchased Shares (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Repurchase of Shares are prohibited after inside information has come to the knowledge of our Company until such information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchase of Shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchases, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the repurchases made during the year and the directors' reasons for making such repurchases.

(vii) Core connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person”, that is, a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to our Company on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from its Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 480,000,000 Shares in issue immediately after the Listing, would result in up to 48,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he has a present intention to sell his Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If as a result of any securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 48,000,000 Shares, being 10% of the issued share capital of our Company based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.33% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the GEM Listing Rules requirements regarding the public float under Rule 11.23 of the GEM Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the GEM Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by us or any member of our Group within two years immediately preceding the date of this prospectus and are or may be material to our business:

- (a) an agreement for sale and purchase dated 16 June 2017 and entered into between Mr. Ong and Chirton Investments, pursuant to which Mr. Ong agreed to sell and Chirton Investments agreed to purchase the entire issued

share capital of G-Tech Metal, in consideration of the allotment and issue of one new share in Chirton Investments, credited as fully paid, to Broadville at the direction of Mr. Ong;

- (b) an agreement for sale and purchase dated 21 June 2017 and entered into among Broadville, the Company and Mr. Ong, pursuant to which Broadville agreed to sell and the Company agreed to purchase the entire issued share capital of Chirton Investments in consideration of the allotment and issue of 9,999 new Shares, credited as fully paid, to Broadville and credited as fully paid of the nil-paid Incorporation Share;
- (c) the Deed of Indemnity;
- (d) the Deed of Non-competition; and
- (e) the Underwriting Agreements.

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group had not applied for registration of or registered any trademark.

(b) Domain Name

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Domain name	Registered owner	Registration date	Expiry date
www.gt-steel.com.sg	G-Tech Metal	8 February 2017	8 February 2018

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares that may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

(i) Our Company

Name of Director	Capacity/Nature of Interest	Number of Shares/ Underlying Shares held ⁽¹⁾	Percentage of shareholding
Mr. Ong	Interest in controlled corporation ⁽²⁾	360,000,000 (L)	75.0%
Ms. Koh ⁽³⁾	Interest of spouse	360,000,000 (L)	75.0%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
2. Broadbville is wholly-owned by Mr. Ong. Accordingly, Mr. Ong is deemed to be interested in all the Shares held by Broadbville under Part XV of the SFO.
3. Ms. Koh is the spouse of Mr. Ong and is deemed to be interested in all the Shares in which Mr. Ong is interested in under Part XV of the SFO.

(ii) Associated Corporation

Name of Director	Name of the associated corporation	Capacity/Nature of interest	Number of shares held ⁽¹⁾	Percentage of shareholding in the associated corporation
Mr. Ong	Broadbville	Beneficial owner	1 (L)	100%
Ms. Koh ⁽²⁾	Broadbville	Interest of spouse	1 (L)	100%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
2. Ms. Koh is the spouse of Mr. Ong and is deemed to be interested in all the shares of Broadbville in which Mr. Ong is interested in under Part XV of the SFO.

(b) Particulars of service contracts

Each of the Executive Directors has entered into a service contract with our Company which will become effective on the Listing Date. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other. Each of our Executive Directors is entitled to a basic salary set out below (subject to an annual increment at the discretion of our Directors). The Executive Directors are also entitled to a bonus in respect of each financial year of our Company in an amount to be determined by the Board in its absolute discretion. An Executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The annual remuneration payable to the Executive Directors under each of the service contracts are as follows:

Name	Amount
Mr. Ong	S\$120,000
Ms. Koh	S\$72,000

Each of the Independent Non-Executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the Independent Non-Executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the Independent Non-Executive Directors under each of the letters of appointment are as follows:

Name	Amount
Mr. Tam Wai Tak Victor	HK\$120,000
Ms. Chooi Pey Nee	HK\$120,000
Mr. Tan Yeok Lim (Chen Yulin)	HK\$120,000

Save as disclosed above, none of our Directors has or is proposed to have any service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(c) Remuneration of our Directors

The Company's policies concerning remuneration of Executive Directors are as follows:

- (i) the amount of remuneration payable to the Executive Directors is determined by our Company on a case-by-case basis with reference to duties and level of responsibilities of each Executive Director and the remuneration policy of our Company and the prevailing market conditions;
- (ii) non-cash benefits may be provided at the discretion of the Board to the Executive Directors under their remuneration package; and
- (iii) the Executive Directors may be granted, at the discretion of the board of Directors, share options under the Share Option Scheme as part of their remuneration package.

The aggregate remuneration paid and benefits in kind granted by our Group to our Directors in respect of each of the two financial years ended 31 December 2016 were approximately S\$164,490 and S\$216,480 respectively.

Under the arrangements currently in force, it is estimated that the aggregate remuneration payable by our Group to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2017 will be approximately S\$249,207.

Save as disclosed in Appendix I to this prospectus, no Director received any remuneration or benefits in kind from our Group during the Track Record Period.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the two years ended 31 December 2016 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the two years ended 31 December 2016.

2. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would be required to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares/ Underlying Shares ⁽¹⁾	Percentage of shareholding
Broadbville ⁽²⁾	Beneficial owner	360,000,000(L)	75.0%

Notes:

- The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
- Broadbville is wholly and beneficially owned by Mr. Ong, an Executive Director.

3. Related party transactions

Details of the related party transactions are set out in Note 28 of the Accountants’ Report in Appendix I to this prospectus.

D. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of our Board (the “**Eligible Participants**”), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for our Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in our Shares on the Stock Exchange or an integral multiple thereof.

(c) Price of our Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of our Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of our Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of 480,000,000 Shares in issue as at the Listing Date, the relevant limit will be 48,000,000 Shares which represent 10% of the issued Shares on the Listing Date. Our Company may seek approval by our Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.
- (ii) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iv) If our Company conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes (including the Share Option Scheme) of our Company under the 10% limit as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same.
- (v) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of our Shares in issue. Where any further grant of options to an Eligible Participant would result in our Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person). Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information and disclaimer as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot our Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by our Directors under the following circumstances:

- (i) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for our Company to announce its results for any year, half year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

For the avoidance of doubt, no option may be granted during any period of delay in the publication of a results announcement.

(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

In the event of the grantee ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than any of the events specified in this paragraph above or paragraph (i) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors may determine otherwise in which event the grantee or as appropriate, his personal representative(s), may exercise the option (to the extent not already exercised) in whole or in part in accordance within a period of three months following the date of such cessation or termination or, if any of the events referred to in paragraph (l) or (m) occurs during such period, exercise the Option pursuant to paragraph (l) or (m) respectively.

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is an employee of our Group at the time of his death and none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time cancel any option granted but not exercised.

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalization of profits or reserves) our Company shall instruct the auditors to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(aa) the number or nominal amount of our Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(bb) the subscription price; and/or

(cc) the maximum number of Shares referred to in paragraph d(i); and/or

(dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

(1) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

- (2) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (3) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (4) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (5) to the advantage in any respect of the grantee without specific prior approval of our Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalization issue, the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements set out in the above and Rule 23.03(13) (including the note thereof) of the GEM Listing Rules.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares

in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be

before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of an ordinary resolution of our Shareholders in general meeting (with all grantees, prospective grantees and their close associates abstaining from voting and the votes taken by poll):

- (i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participant without the prior approval of our Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings in Shares on the GEM; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal in Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to core connected persons or any of their associates

Each grant of options to any of our Directors, chief executive of our Company or substantial Shareholder or an Independent Non-Executive Director (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an Independent Non-Executive Director, or any of his associates, would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent. of our Shares in issue; and
- (ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders. Our Company must send a circular to our Shareholders. All the grantee, his close associates and all core connected persons must abstain from voting at such general meeting. Our Company must comply with Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before our Shareholders' meeting and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. For the

avoidance of doubt, the description of the terms of the options must include the information required under Rules 23.03(5) to 23.03(10) of the GEM Listing Rules;

- (ii) a recommendation from the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder of or an Independent Non-Executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (i) or (o) or subparagraph below, where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the Grantee or any member of our Group into disrepute);
- (v) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option;
- (vi) the date of the commencement of the winding-up of our Company;
- (vii) the date on which the grantee commits a breach of paragraph (g); or

(viii) the date on which the option is cancelled by our Board as set out in paragraph (j).

(v) Termination

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, our Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of our Shares in issue upon completion of the Share Offer and the Capitalisation Issue.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that our Board will not approve the exercise of any option if as a result of which our Company will not be able to comply with the public float requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of our Controlling Shareholders pursuant to the Deed of Indemnity referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” of this appendix, has given joint and several indemnities in respect of, among other things, (a) any liability to any form of taxation and duty whenever created or imposed, whether of Hong Kong, Singapore or of any other part of the world, falling on any of members of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event or transaction on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm, company or corporation; and (b) any liability for estate duty payable under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other duty payable similar thereto in Hong Kong, Singapore or any other part of the world which might be incurred by any member of our Group and/or our associated companies by reason of any relevant transfer to any member of our Group on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong, Singapore and other jurisdictions in which the companies comprising our Group are incorporated.

2. Litigation

Save as disclosed in the section headed “Business — Litigation” in this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group which would have a material adverse effect on our business, result of operations or financial conditions.

3. Sole Sponsor

Vinco Capital Limited has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein.

The Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The sponsor's fees payable by us in respect of Vinco Capital Limited's services as Sole Sponsor for the Listing is HK\$4.8 million (excluding any disbursements).

4. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$42,500 and have been paid by our Company.

5. Promoter

Our Company has no promoter. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Vinco Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Rajah & Tann Singapore LLP	Legal advisers as to Singapore law
Conyers Dill & Pearman	Cayman Islands attorneys-at-laws
Eco-Business Pte. Ltd.	Independent industry consultant
Greater China Appraisal Limited	Property valuer
Deloitte & Touche Enterprise Risk Services Pte Ltd	Internal control assessor

7. Consents of experts

Each of the experts referred to under the heading “E. Other information — 6. Qualifications of experts” in this appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or the references to its name included herein in the form and context and/or opinion in which they are respectively included.

8. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company will appoint the Sole Sponsor as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a documentation/advisory fee, as referred to under the paragraph headed “Underwriting — Commission and expenses” in this prospectus.

Save as disclosed herein, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

10. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this appendix is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus, or are proposed to be, acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;
- (b) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) save in connection with the Underwriting Agreements, none of the parties whose names are listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this appendix: (i) is interested legally or

beneficially in any securities of any member of us; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

- (d) none of our Directors or chief executives of our Company has any interest or short position in our Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors once our Shares are listed;
- (e) save as disclosed in this prospectus, and taking no account of Shares which may be taken up under the Share Offer, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company;

- (b) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) there has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Company has no outstanding convertible debt securities;
- (g) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (h) there are no arrangements in existence under which future dividends are to be or agreed to be waived;
- (i) our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2016 (being the date to which the latest audited combined financial statements of our Group were made up);
- (j) as at the Latest Practicable Date, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong; and
- (k) in case of any discrepancies between the English language version and the Chinese language version of this prospectus, the English language version shall prevail.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) so far as applicable.

13. Share registrar

The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Union Registrars Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share registrar in Hong Kong and may not be lodged in the Cayman Islands.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were a copy of each of the **WHITE** and **YELLOW** Application Forms, the written consents referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix V to this prospectus and a copy of each of the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co. at 19/F., Prosperity Tower, 39 Queen’s Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles;
- (b) the Accountants’ Report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements of the Group for each of the two years ended 31 December 2016;
- (d) the report on unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, a summary of values and valuation certificates relating to our property interests prepared by Greater China Appraisal Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Companies Law;
- (h) the service contracts and letters of appointment referred to in the paragraph headed “C. Further information about our Directors and substantial shareholders — 1. Directors — (b) Particulars of service contracts” in Appendix V to this prospectus;
- (i) the rules of the Share Option Scheme referred to in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus;
- (j) the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus;

- (k) the written consents referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix V to this prospectus;
- (l) the industry report prepared by Eco-Business Pte. Ltd. referred to in the section headed “Industry Overview” in this prospectus; and
- (m) the Singapore legal opinion issued by Rajah & Tann Singapore LLP, the legal advisers to our Company as to Singapore laws.