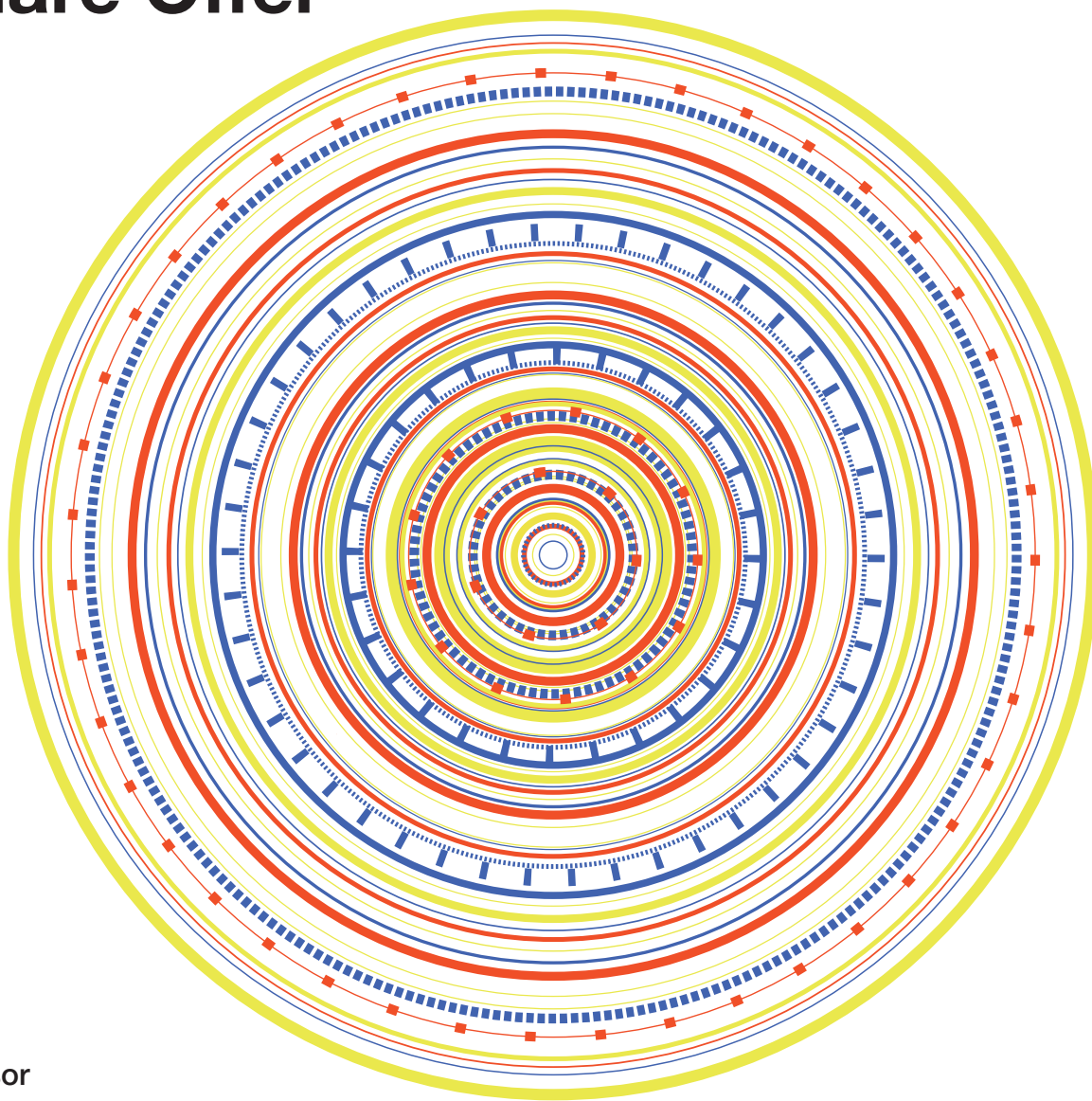


SOLIS HOLDINGS LIMITED

守益控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2227

Share Offer



Sponsor

ALTUS CAPITAL LIMITED

Joint Bookrunners and Joint Lead Managers



IMPORTANT

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

SOLIS HOLDINGS LIMITED

守益控股有限公司

(incorporated in the Cayman Islands with limited liability)

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

Total number of Offer Shares	: 210,000,000 Shares
Number of Public Offer Shares	: 21,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 189,000,000 Shares (subject to reallocation)
Offer Price	: Not more than HK\$0.85 per Offer Share and not less than HK\$0.75 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 2227

Sponsor

ALTUS CAPITAL LIMITED

Joint Bookrunners and Joint Lead Managers



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

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

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or around the Price Determination Date, which is expected to be on or around Friday, 1 December 2017, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). If our 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 or around 5:00 pm on the Price Determination Date, the Share Offer will not become unconditional and will immediately lapse. The Offer Price is expected to be not more than HK\$0.85 per Share and not less than HK\$0.75 per 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 that stated in this prospectus at any time prior to the Price Determination Date. If this occurs, a 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.TheSolisGrp.com.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Public Offer, the Joint Lead Managers (for themselves and on behalf of the Underwriters) have the right, in certain circumstances, subject to their sole and absolute opinion, to terminate their obligations under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Monday, 11 December 2017). Such circumstances are set out in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, or to, or for the amount or benefit of U.S. persons, except pursuant to an exemption form, or in a transaction not subject to the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. securities law.

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

No information on any website forms part of this prospectus.

28 November 2017

EXPECTED TIMETABLE

If there is any change in the following expected timetable, our Company will issue an announcement on the respective websites of our Company at **www.TheSolisGrp.com** and the Stock Exchange at **www.hkexnews.hk**.

Date⁽¹⁾
2017

Latest time to complete electronic applications under HK eIPO White Form services through the designated website www.hkeipo.hk ⁽²⁾	11:30 a.m. on Friday, 1 December
Application lists of the Public Offer open ⁽³⁾	11:45 a.m. on Friday, 1 December
Latest time for lodging WHITE and YELLOW Application Forms and giving electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, 1 December
Latest time to complete payment of HK eIPO White Form applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 1 December
Application lists of the Public Offer close ⁽²⁾	12:00 noon on Friday, 1 December
Expected Price Determination Date ⁽⁵⁾	on or around Friday, 1 December
Announcement of the final Offer Price, the levels of indication of interest in the Placing, the level of applications of the Public Offer and the basis of allocation of the Public Offer Shares to be published on our Company's website at www.TheSolisGrp.com and the website of the Stock Exchange at www.hkexnews.hk on or before.....	Friday, 8 December
Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) will be available through a variety of channels in the section headed "How to apply for Public Offer Shares" in this prospectus on	Friday, 8 December
Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function from.....	Friday, 8 December
Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer ⁽⁷⁾	on or before Friday, 8 December

EXPECTED TIMETABLE

Date⁽¹⁾
2017

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications^(6 and 7) on or before Friday, 8 December

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Monday, 11 December

Notes:

1. All times and dates refer to Hong Kong local time and dates unless otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.
2. You will not be permitted to submit your application through the designated website at *www.hkeipo.hk* after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 December 2017, the application lists will not open and close on that day. Further information is set out in the paragraph headed “10. Effect of bad weather on the opening of the application lists” under the section headed “How to apply for Public Offer Shares” in this prospectus.
4. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “6. Applying by giving electronic application instructions to HKSCC via CCASS” under the section headed “How to apply for Public Offer Shares” in this prospectus.
5. Please note that the Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 1 December 2017. If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before 5:00 p.m. on Friday, 1 December 2017, the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum indicative Offer Price of HK\$0.85 per Offer Share, applicants who apply for the Offer Shares must pay on application the maximum indicative Offer Price of HK\$0.85 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the paragraph headed “13. Refund of application monies” under the section headed “How to apply for Public Offer Shares” in this prospectus.

EXPECTED TIMETABLE

6. Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. If you apply through the **HK eIPO White Form** services by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** services by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (www.hkeipo.hk) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
7. Applicants who apply on **WHITE Application Forms** or through **HK eIPO White Form** service for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques and (where applicable) share certificates in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Share Registrar.

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

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

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

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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. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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

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SUMMARY AND HIGHLIGHTS

This summary aims at giving 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 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 you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this prospectus.

OVERVIEW

We are a Design and Build mechanical and electrical (“M&E”) engineering contractor in Singapore and we have been established in Singapore for over 25 years. Our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems, and (ii) building and installation of the M&E systems. We specialise in electrical engineering, and our projects are in relation to new building developments and major additions and alterations (“A&A”) works, which include private residential, mixed residential and commercial developments and institutional buildings. All our contracts are non-recurring and on a project basis. Our contracts with our customers typically have a fixed and pre-determined fee throughout the contract period and do not permit any price adjustment. The duration for our projects during the Track Record Period ranged from 10 months to 53 months, with an average duration of approximately 30 months. Our experienced management team under the leadership of our founder, Mr. Tay, has nurtured the growth of our Group to our current staff strength of around 260 employees and the successful tendering of high value contracts such as that secured in January 2016 for a mixed residential and commercial development of approximately S\$21.4 million in contract value. We also pride ourselves to be at the forefront of Singapore’s M&E industry developments, as we had undertaken two projects during the Track Record Period where our M&E systems were installed off-site on prefabrication and prefinished volumetric construction (“PPVC”) modules. As stated in the Frost & Sullivan Report, M&E contractors who (i) engage in PPVC off-site installation; (ii) engage in BIM; and (iii) have Design and Build capability (all of which we have capabilities in) will stay at the forefront of the M&E industry. Moreover, according to the Frost & Sullivan Report, we ranked fifth among all the industry players with a market share of approximately 2.5% in 2016.

The following table sets forth a breakdown of our revenue by private and public sector projects during the Track Record Period:

	2014			Year ended 31 December			2016			Five months ended 31 May					
	2015	2016	2017	2014	2015	2016	2016	2017	2016	2017	2016	2017	2016	2017	
	SS	HKS	% to total	SS	HKS	% to total	SS	HKS	% to total	SS	HKS	% to total	SS	HKS	% to total
	million	million	revenue	million	million	revenue	million	million	revenue	million	million	revenue	million	million	revenue
Private sector projects	11.7	64.3	52.7	23.9	131.3	52.5	26.0	142.9	65.0	8.5	46.7	53.5	12.9	70.7	85.6
Public sector projects	10.5	57.8	47.3	21.6	119.0	47.5	14.0	76.8	35.0	7.4	40.6	46.5	2.1	11.9	14.4
Total	22.2	122.1	100.0	45.5	250.3	100.0	40.0	219.7	100.0	15.9	87.3	100.0	15.0	82.6	100.0

Our revenue decreased from approximately S\$45.5 million for the year ended 31 December 2015 to approximately S\$40.0 million for the year ended 31 December 2016, mainly due to the completion of two bus depot projects (public sector) in 2015 which contributed approximately S\$12.8 million of revenue for the year ended 31 December 2015 (2016: nil). Our revenue decreased from approximately S\$15.9 million for the five months ended 31 May 2016 to approximately S\$15.0 million for the five months ended 31 May 2017, mainly due to the majority of works had

SUMMARY AND HIGHLIGHTS

been performed for a public sector project (Project #1) which recorded revenue of approximately S\$7.4 million for the five months ended 31 May 2016 as compared to approximately S\$0.1 million recorded for the five months ended 31 May 2017.

M&E services

We are a subcontractor responsible for the implementation of M&E systems in new building developments and major A&A works. Our scope of work includes the design of various M&E systems, and the building and installation of these systems. The installation of M&E systems include key systems such as those related to (i) electrical-based systems such as lightings, switchgears and generators; (ii) communication and security systems such as CCTV and card access systems; and (iii) telephone cabling systems. As we specialise in electrical engineering, we may subcontract certain M&E systems to other contractors for installation, for instance, those in relation to air-conditioning and mechanical ventilation systems and fire protection systems.

During the Track Record Period, we had undertaken 25 projects in Singapore for the Design and Build, and/or installations of various M&E systems. Out of the 25 projects, seven were in relation to private residential projects, five were mixed residential and commercial developments, seven were educational institutions, three were nursing homes, two projects were bus depots and one was government institutional building. Out of the aforementioned 25 projects, 14 and 11 projects were private sector and public sector projects respectively. The duration of these projects ranged from 10 months to 53 months with an average duration of approximately 30 months. The contract values of the projects that we had undertaken during the Track Record Period ranged from approximately S\$1.9 million to approximately S\$21.4 million, with an average contract value of approximately S\$7.7 million. Of the 25 projects, 11 were Design and Build projects and two projects had M&E systems installed off-site on PPVC modules. Please refer to the paragraph headed “M&E services” under the section headed “Business” in this prospectus for details on our scope of works.

CUSTOMERS

As our scope of works typically fall under a broader scope of works undertaken by a main contractor for a building development project (whether public or private sector project), our customers during the Track Record Period are private customers, mainly main contractors in Singapore. Our five largest customers during the Track Record Period included branches and subsidiaries of public-listed corporations, and main contractors with A1 grading under the construction workhead CW01 “General building” (the highest grading with unlimited tender value for public sector projects). For the three years ended 31 December 2016 and the five months ended 31 May 2017, we had 17, 13, 9 and 10 customers with revenue contribution to us respectively.

For the three years ended 31 December 2016 and the five months ended 31 May 2017, revenue from our five largest customers during each of those years/ period accounted for approximately 80.0%, 81.1%, 94.0% and 96.9% of our revenue respectively. Our largest customer in each of the years/ period during the Track Record Period contributed approximately 23.7%, 22.1%, 36.0% and 46.5% of our revenue respectively. Notwithstanding that over 80% of our revenue was contributed by our five largest customers during the Track Record Period, our Directors consider that our business model is sustainable as (i) the five largest customers during the Track Record Period were represented by 13 distinct customers, and out of which 2, 3, 3 and 1 were new customers for the corresponding periods; (ii) we have in aggregate secured projects from 9 new customers during the Track Record Period; and (iii) two high value projects contributed an aggregate revenue of approximately S\$24.6 million (out of total revenue of approximately S\$40.0 million) for the year ended 31 December 2016, and one high value project contributed revenue of approximately S\$7.0 million (out of total revenue of approximately S\$15.0 million) for the five months ended 31 May 2017 that resulted in a higher percentage of revenue contribution by the five largest customers for that year/ period. Please refer to the paragraph headed “Customers” under the section headed “Business” in this prospectus for further details.

SUMMARY AND HIGHLIGHTS

MAIN REGISTRATIONS AND LICENCES

Our Group is mainly registered under various M&E workheads under the Contractors Registration System that is administered by the Building and Construction Authority of Singapore. Out of our registered workheads, we are graded L6 under the ME05 “Electrical engineering” workhead, L5 under ME15 “Integrated building services” workhead and L4 under ME04 “Communication and security systems” workhead which allow us to tender directly for Singapore public sector projects of unlimited amount, up to S\$13 million and up to S\$6.5 million respectively. While we typically do not tender directly to Singapore Government agencies for our public sector projects, private customers will usually state the preferred workheads for their contractors in their tender documents. For further details and a listing of all our registrations and licenses, please refer to the paragraph headed “Main registrations and licences” under the section headed “Business” in this prospectus.

SUPPLIERS

Our purchases of goods and services from suppliers in Singapore are mainly purchases of electrical cables, network and fibre optic cables, generators and switchboards, switchgears and electrical components, lightings and extra low voltage systems. For the three years ended 31 December 2016 and the five months ended 31 May 2017, purchases from our five largest suppliers during each of those years/ period accounted for approximately 26.2%, 23.0%, 26.2% and 34.5% of our total cost of services respectively. Purchases from our largest supplier in each of the years/ period during the Track Record Period accounted for approximately 12.9%, 12.0%, 9.9% and 20.0% of our total cost of services respectively. Please refer to the paragraph headed “Suppliers” under the section headed “Business” in this prospectus for details. During the Track Record Period, we had also engaged subcontractors mainly for the design and/or installation of air-conditioning and mechanical ventilation systems, and fire protection systems as we did not have sufficient internal resources to meet the projects’ requirements. We had also engaged a subcontractor in the PRC to support our installation of M&E systems off-site on PPVC modules for one ongoing project during the Track Record Period, as our customer planned for the modular construction to be performed in the PRC. Please refer to the paragraph headed “Subcontractors” under the section headed “Business” in this prospectus for details.

MARKETING AND PRICING

We do not have a dedicated marketing and sales team but instead rely on our Executive Directors for maintenance and acquisition of existing/ new customer relationships. As we have been established in Singapore for over 25 years, our main source of project opportunities comes from invited tenders by private customers who may be returning customers or have come to know of us from word-of-mouth recommendation.

Our pricing is based on markups over our estimated projects costs. Our pricing strategy (and how we determine our markups) for a particular project opportunity is dependent on various factors, including but not limited to, project schedule, availability of resources, the costs involved, type and value of projects, project complexity and scope of works, competitive environment and prevailing market conditions. Our markups therefore are determined on a case-by-case basis and do not particularly vary based on the type of building development nor the size of projects only, but instead, generally for projects whereby we do not require significant subcontracting services, our gross profit margins were in the range of 30.0% to 50.0% during the Track Record Period. Nevertheless, we had also accepted certain projects with high portion of subcontracting works (when our Directors view that it would be strategic for our portfolio of projects and/or customers) that had resulted in a lower gross profit margins in the range of 20.0% to 30.0% during the Track Record Period. Please refer to the paragraphs headed “Sales and marketing” and “Pricing and tender strategy” under the section headed “Business” in this prospectus for details.

SUMMARY AND HIGHLIGHTS

TENDER SUCCESS RATES

Our projects are non-recurring and awarded through a competitive tender process, via invited tenders by our private customers. The table below illustrates our tender success rates for private and public sector projects during the Track Record Period.

	Year ended 31 December				Five months ended 31 May 2017			
	2014		2015		2016		2017	
	Number of projects awarded ⁽¹⁾	Success rate (%) ⁽²⁾	Number of projects awarded ⁽¹⁾	Success rate (%) ⁽²⁾	Number of projects awarded ⁽¹⁾	Success rate (%) ⁽²⁾	Number of projects awarded ⁽¹⁾	Success rate (%) ⁽²⁾
Private sector projects	1	20.0	1	14.3	1	16.7	1	50.0
Public sector projects	1	20.0	—	—	2	50.0	—	—
Total	2	20.0	1	10.0	3	30.0	1	20.0

Notes:

- (1) Number of projects awarded is computed based on those awarded contracts which tender were submitted during the year/period. We had tendered for (i) Project #6 and Project #21 during the year ended 31 December 2014; (ii) Project #25 during the year ended 31 December 2015; (iii) Project #23, Project #24 and Project #26 during the year ended 31 December 2016; and (iv) Project #27 during the five months ended 31 May 2017. As the projects may be awarded in the same year or subsequent year after the projects had been tendered, there is a difference in the total number of projects awarded to our Group (i.e. eight projects as disclosed in the paragraph headed “Tender success rate” under the section headed “Business” in this prospectus) during the Track Record Period as compared to the number of awarded projects set out in the table above.
- (2) Tender success rate is computed based on the number of contracts awarded (whether awarded in the same period or subsequently) which was tendered during the year/period divided by total number of tenders submitted during the respective year/period.

For further information, please refer to the paragraph headed “Tender phase” under the section headed “Business” in this prospectus.

During the Track Record Period, our Group had completed 20 projects, of which four were awarded during the Track Record Period (16 projects were awarded prior to the Track Record Period). As at 31 May 2017, we had five ongoing projects, of which four were awarded during the Track Record Period (one project was awarded prior to the Track Record Period). Subsequent to the Track Record Period and up to the Latest Practicable Date, we were also awarded with three projects. During the Track Record Period and up to the Latest Practicable Date, we had completed 22 projects. As at the Latest Practicable Date, we had six ongoing projects (i.e. Project #21, Project #23, Project #24, Project #26, Project #27 and Project #28). Our projects had been secured through competitive tenders during the Track Record Period and up to the Latest Practicable Date. For details of our (i) completed projects; (ii) ongoing projects; and (iii) newly awarded projects during the Track Record Period and up to the Latest Practicable Date, please refer to the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus.

COMPETITIVE LANDSCAPE AND MARKET SHARE

As stated in the Frost & Sullivan Report, the M&E industry in Singapore is highly fragmented with over 1,000 contractors registered under the ME05 “Electrical engineering” workhead. The total market size by revenue of the M&E industry in Singapore reached approximately S\$1.6 billion in 2016 and the top five players accounted for approximately 17.5% of the total revenue of the M&E industry in Singapore. Among all the players, our Group ranked fifth with a market share of approximately 2.5% in 2016. For further details, please refer to the paragraph headed “Competitive landscape analysis” under the section headed “Industry overview” in this prospectus.

SUMMARY AND HIGHLIGHTS

We believe our competitive strengths are:

- (i) our over 25 years of experience as an M&E contractor in Singapore;
- (ii) our ability to execute projects profitably, which require competencies and experience to understand the requirements of a tender and the foreseeable challenges during project execution;
- (iii) our Design and Build capability where we are able to design all the contracted M&E systems' functionality and connectedness (as opposed to executing the installation of M&E systems from drawings provided by the owner of the building development);
- (iv) our safety and quality record, and in particular our successful execution of one project with M&E installations being performed off-site on PPVC modules which would reduce the time spent by our employees on-site and working-at-height; and
- (v) our experienced and dedicated management and project teams have and each of our Executive Directors has over 20 years of experience in the M&E industry in Singapore.

Please refer to the paragraph headed "Competitive strengths" under the section headed "Business" in this prospectus.

SUMMARY OF FINANCIAL INFORMATION

The tables below summarise our combined financial information for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively, and should be read in conjunction with our financial information included in the Accountants' Report set forth in Appendix I to this prospectus, including the notes thereto.

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

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	S\$ million	HK\$ million	S\$ million	HK\$ million	S\$ million	HK\$ million	S\$ million	HK\$ million	S\$ million	HK\$ million
Revenue	22.2	122.1	45.5	250.3	40.0	220.0	15.9	87.5	15.0	82.5
Gross profit	9.3	51.2	16.0	88.0	17.7	97.4	6.3	34.7	6.5	35.8
Profit before taxation	5.8	31.9	11.8	64.9	13.8	75.9	4.6	25.3	3.9	21.5
Profit for the year/ period	4.8	26.4	9.9	54.5	11.5	63.3	3.8	20.9	3.1	17.1
Total comprehensive income for the year/ period	4.9	27.0	9.4	51.7	10.6	58.3	3.8	20.9	3.2	17.6

Highlight of combined statements of financial position

	As at 31 December				As at 31 May			
	2014		2015		2016		2017	
	S\$ million	HK\$ million	S\$ million	HK\$ million	S\$ million	HK\$ million	S\$ million	HK\$ million
Non-current assets	13.3	73.2	12.9	71.0	12.4	68.2	17.6	96.8
Current assets	18.2	100.1	28.7	157.9	20.0	110.0	17.3	95.2
Current liabilities	13.0	71.5	20.7	113.9	10.7	58.9	8.4	46.2
Net current assets	5.2	28.6	8.0	44.0	9.3	51.2	8.9	49.0
Non-current liabilities	*	*	*	*	0.2	1.1	1.8	9.9
Net assets	18.5	101.8	20.9	115.0	21.5	118.3	24.7	135.9

Note: * negligible

SUMMARY AND HIGHLIGHTS

Highlight of combined statements of cash flows

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	S\$	HK\$	S\$	HK\$	S\$	HK\$	S\$	HK\$	S\$	HK\$
	million	million	million	million	million	million	million	million	million	million
Operating cash flows before working capital changes	6.1	33.6	12.1	66.6	14.0	77.0	4.7	25.9	4.2	23.1
Net cash from operating activities	5.7	31.4	15.8	86.9	8.0	44.0	4.8	26.4	2.0	11.0
Net cash used in investing activities	(0.5)	(2.8)	(0.4)	(2.2)	(0.3)	(1.7)	(5.2)	(28.6)	(3.4)	(18.7)
Net cash used in financing activities	(5.0)	(27.5)	(6.0)	(33.0)	(17.0)	(93.5)	*	*	(0.1)	(0.6)

Note: * negligible

Revenue

We derived revenue from our design and/or build and installation of M&E systems for both private sector and public sector projects during the Track Record Period. Our revenue increased from approximately S\$22.2 million for the year ended 31 December 2014 to approximately S\$45.5 million for the year ended 31 December 2015, due to (i) increased revenue contribution from private sector projects of approximately S\$12.2 million (as more works were performed for three projects in 2016 with an aggregate revenue recognised of approximately S\$11.9 million in 2015); and (ii) increased revenue contribution from public sector projects of approximately S\$11.1 million (as more works were performed for two bus depot projects in 2015 with an aggregate revenue recognised of approximately S\$12.8 million in 2015). Our revenue decreased from approximately S\$45.5 million for the year ended 31 December 2015 to approximately S\$40.0 million for the year ended 31 December 2016, due mainly to works completed in 2015 for two bus depot projects which contributed approximately S\$12.8 million of revenue for the year ended 31 December 2015.

Our revenue decreased from approximately S\$15.9 million for the five months ended 31 May 2016 to approximately S\$15.0 million for the five months ended 31 May 2017, due mainly to (i) majority of works performed for a public educational institution project in 2015 which contributed approximately S\$7.4 million for the five months ended 31 May 2016 and S\$0.1 million for the five months ended 31 May 2017; offset by (ii) more works performed for a private sector project in 2016 which contributed approximately S\$7.0 million for the five months ended 31 May 2017. Please refer to the paragraph headed “Period to period comparison of results of operations” under the section headed “Financial information” in this prospectus for further details and the identification of the abovementioned projects.

Cost of services

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

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	S\$	% to cost	S\$	% to cost	S\$	% to cost	S\$	% to cost	S\$	% to cost
	million	of services	million	of services	million	of services	million	of services	million	of services
Material costs	7.3	56.6	13.7	46.3	13.3	59.7	6.0	62.0	4.8	57.1
Staff costs	5.2	40.3	8.6	29.0	8.0	35.8	3.5	36.6	2.9	33.9
Subcontracting costs	0.4	2.7	7.2	24.5	0.9	4.0	0.1	1.1	0.7	8.4
Overheads	*	0.4	*	0.2	0.1	0.5	*	0.3	0.1	0.6
Total	12.9	100.0	29.5	100.0	22.3	100.0	9.6	100.0	8.5	100.0

Note: * negligible

For further details, please refer to the paragraph headed “Period to period comparison of results of operations” under the section headed “Financial information” in this prospectus.

SUMMARY AND HIGHLIGHTS

Profit and profit margin

During the Track Record Period, we recorded gross profits and gross profit margins as follows:

	Year ended 31 December								
	2014			2015			2016		
	Revenue <i>S\$ million</i>	Gross profit <i>S\$ million</i>	Gross profit margin %	Revenue <i>S\$ million</i>	Gross profit <i>S\$ million</i>	Gross profit margin %	Revenue <i>S\$ million</i>	Gross profit <i>S\$ million</i>	Gross profit margin %
Private sector projects	11.7	4.8	40.5	23.9	8.7	36.2	26.0	10.0	38.5
Public sector projects	10.5	4.5	43.1	21.6	7.3	33.9	14.0	7.7	54.8
TOTAL	22.2	9.3	41.8	45.5	16.0	35.1	40.0	17.7	44.2

	Five months ended 31 May						
	2016			2017			
	Revenue <i>S\$ million</i>	Gross profit <i>S\$ million</i>	Gross profit margin %	Revenue <i>S\$ million</i>	Gross profit <i>S\$ million</i>	Gross profit margin %	Gross profit margin %
Private sector projects	8.5	2.5	28.9	12.9	5.7	44.2	
Public sector projects	7.4	3.8	51.5	2.1	0.8	39.7	
TOTAL	15.9	6.3	39.4	15.0	6.5	43.6	

Our gross profits were approximately S\$9.3 million, S\$16.0 million and S\$17.7 million, with gross profit margins of approximately 41.8%, 35.1% and 44.2% for the three years ended 31 December 2016 respectively. The increase in our gross profits despite a decrease of revenue for the year ended 31 December 2016 was in part due to (i) more works performed for two bus depot projects in 2015 which were lower margin projects as higher subcontracting costs were incurred for these two projects where we subcontracted the M&E works in relation to air-conditioning and mechanical ventilation systems, and fire protection systems as we do not have sufficient internal resources to meet the projects' requirements; and (ii) increase in works performed for an educational institution building project in 2016 (Project #1) which was a higher margin project as there were labour cost savings as the installations of the M&E systems were performed off-site on PPVC modules. Our gross profit margin decreased from approximately 41.8% for the year ended 31 December 2014 to approximately 35.1% for the year ended 31 December 2015 mainly due to the increase in our subcontracting costs for the three projects. Our gross profit margin increased from approximately 35.1% for the year ended 31 December 2015 to approximately 44.2% for the year ended 31 December 2016 mainly due to (i) the higher profitability for Project #1 which had significant amount of works performed and revenue recognised for the year ended 31 December 2016; and (ii) the completion of or lesser works performed in 2016 for the three projects where significant subcontracting costs were incurred.

The abovementioned increase in gross profits led to a corresponding increase in our net profits, of approximately S\$4.8 million, S\$9.9 million and S\$11.5 million for the three years ended 31 December 2016 respectively.

Our gross profits were approximately S\$6.3 million and S\$6.5 million, with gross profit margins of approximately 39.4% and 43.6% for the five months ended 31 May 2016 and 2017 respectively. The slight increase in our gross profits despite a decrease in our revenue for the five months ended 31 May 2017 was due mainly to increase in gross profit and gross profit margin contributed by one private residential sector project (Project #22) whereby its gross profit margin for the Track Record Period was above 40% and there were additional revenue recognised upon the substantial completion of this project in 2017. The net profits for the period were approximately S\$3.8 million and S\$3.1 million for the five months ended 31 May 2016 and 2017 respectively. The net profit for the period decreased despite a slight increase in gross profit due to the listing expenses incurred of approximately S\$0.9 million for the five months ended 31 May 2017.

SUMMARY AND HIGHLIGHTS

For details, please refer to the paragraph headed “Period to period comparison of results of operations” under the section headed “Financial information” in this prospectus.

Key financial ratios

	2014	As at 31 December		2016	As 31 May
		2015			2017
Current ratio (<i>times</i>)	1.4	1.4		1.9	2.1
Gearing ratio ⁽¹⁾ (%)	–	–		1.3	9.0
	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	%	%	%	%	%
Gross profit margin	41.8	35.1	44.2	39.4	43.6
Profit before taxation margin	25.9	25.9	34.6	29.0	25.7
Profit margin	21.5	21.7	28.9	24.0	20.7
Return on total assets	15.1	23.7	35.5	N/A ⁽²⁾	N/A ⁽²⁾
Return on equity	25.8	47.2	53.7	N/A ⁽²⁾	N/A ⁽²⁾

Notes:

(1) Gearing ratio is calculated as obligations under finance leases and bank borrowing divided by total equity as at the respective reporting dates.

(2) N/A denotes not applicable as recorded net profit only represented amount for five months ended 31 May 2016 and 2017.

* negligible

For details, please refer to the paragraph headed “Key financial ratios” under the section headed “Financial information” in this prospectus.

IMPACT OF LISTING EXPENSES

The listing expenses represent the fees and costs incurred for the issue of new Shares and the Listing. The estimated listing expenses are approximately S\$6.5 million. During the three years ended 31 December 2016 and the five months ended 31 May 2017, our Group recognised listing expenses of nil, nil, nil and approximately S\$0.9 million respectively, in the combined statements of profit or loss and other comprehensive income. Our Directors are of the view that the listing expenses in relation to the Listing would have an impact on the financial results of our Group for the year ending 31 December 2017. Approximately S\$2.7 million of the listing expenses is directly attributable to the issue of new Shares and is expected to be accounted for as a deduction from equity for the year ending 31 December 2017. The remaining listing expenses of approximately S\$2.9 million are expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group for the seven months ending 31 December 2017.

ONGOING AND NEWLY AWARDED PROJECTS

As at 31 May 2017, we had five ongoing projects, whilst subsequent to the Track Record Period and up to the Latest Practicable Date, there were three newly awarded projects. These ongoing and newly awarded projects have an aggregate contract sum of approximately S\$85.2 million, of which approximately S\$34.0 million had been recognised as revenue during the Track Record Period and the remaining amounts of approximately S\$25.1 million, S\$19.5 million and S\$6.6 million are expected to be recognised as our revenue for the seven months ending 31 December 2017, the year ending 31 December 2018 and 2019 respectively. Three of the ongoing projects (Project #21, Project #23 and Project #25) and one newly awarded project (Project #26) were contracted with new customers, whereas two of the ongoing projects (Project #22 and Project #24) and two newly awarded projects (Project #27 and Project #28) were contracted with recurring customers.

SUMMARY AND HIGHLIGHTS

Ongoing projects

As at 31 May 2017, we had five ongoing projects (Project #21, Project #22, Project #23, Project #24 and Project #25) with an aggregate contract sum of approximately S\$64.2 million. During the Track Record Period, we recorded revenue of approximately S\$34.0 million from these projects. For the seven months ending 31 December 2017 and the year ending 31 December 2018, we expect that we will recognise revenue of approximately S\$19.4 million and S\$10.8 million respectively from these projects. For details, please refer to the paragraph headed “Ongoing projects” under the section headed “Business” in this prospectus.

Newly awarded projects

During the period from 1 June 2017 to the Latest Practicable Date, we had three newly awarded projects (Project #26, Project #27 and Project #28) with an aggregate contract sum of approximately S\$21.0 million. We expect that we will recognise revenue of approximately S\$5.7 million, S\$8.7 million and S\$6.6 million for the years ending 31 December 2017, 2018 and 2019 respectively. For details, please refer to the paragraph headed “Newly awarded projects” under the section headed “Business” in this prospectus.

NON-RECURRING MATERIAL CONTRACT

On 30 March 2017, we completed the purchase of our second self-owned property located at 202 Tagore Lane, Singapore 787591. This property was purchased for our own use, at a consideration of approximately S\$4.9 million. The consideration was fully settled in March 2017, which was partially funded by a bank borrowing of approximately S\$2.0 million. Please refer to the paragraph headed “Property interests” under the section headed “Business” in this prospectus and the property valuation report set out in Appendix III to this prospectus for further details on the property.

RECENT DEVELOPMENT

We have continued to focus on strengthening our market position for our M&E services in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period, with no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 1 June 2017 up to the date of this prospectus, we did not experience any significant drop in revenue or increase in cost of services or other costs as there were no significant changes to the general business model of our Group. We were also newly awarded three projects in June and July 2017 with an aggregate contract sum of approximately S\$21.0 million.

Based on our ongoing and newly awarded projects and our business operations subsequent to the Track Record Period and up to the Latest Practicable Date, our Executive Directors do not foresee any material adverse change in our revenue for the year ending 31 December 2017. We participated in a private residential sector project (Project #22) which recorded a relatively high gross profit margin of above 50.0% during the five months ended 31 May 2017, and this project achieved an overall gross profit margin of approximately 45% (to the nearest 5%) during the Track Record Period. Given that Project #22 had been completed in July 2017 and as at the Latest Practicable Date, the gross profit margins of our Group’s ongoing and newly awarded projects range from 30.0% to 40.0%, the Directors anticipate the Group’s overall profit margins (excluding listing expenses) for the year ending 31 December 2017 will be lower than those for the five months ended 31 May 2017. Our Executive Directors further confirm that there has been no event, nor material adverse change in our financial or trading position or prospects since 1 June 2017 and up to the date of this prospectus, which would have materially affected the information presented in our combined financial statements included in the Accountants’ Report set forth in Appendix I to this prospectus.

SUMMARY AND HIGHLIGHTS

BUSINESS STRATEGIES AND USE OF PROCEEDS

Our primary focus is to strengthen our market position in the M&E industry in Singapore, and we will pursue three main business strategies to achieve our objective including that (i) we will expand our business operations which require (1) increasing our workforce as the nature of our works is labour-intensive; (2) purchase of machinery and equipment and lorries, and (3) acquisition of an additional property to increase dormitory, storage and office area, to support our business expansion; (ii) we will expand our internal competencies to provide a broader scope of works; and (iii) we will invest in technology and human resources in relation to Building Information Modelling (“BIM”). Please refer to the paragraph headed “Business strategies” under the section headed “Business” in this prospectus for a detailed description of these strategies.

We estimate that the aggregate net proceeds from the Share Offer after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer to be approximately HK\$132.2 million, assuming an Offer Price of HK\$0.80 per Offer Share, being the mid-point of the proposed Offer Price per Share in the range of HK\$0.75 to HK\$0.85. We intend to apply the net proceeds to implement the abovementioned business strategies as follows:

Approximate amount of net proceeds/ utilised by year ending	Intended applications
HK\$22.1 million or approximately 16.7%/31 December 2020	Increase our workforce to expand our operations
HK\$8.3 million or approximately 6.3%/31 December 2020	Purchase machinery and equipment to support our business expansion
HK\$55.0 million or approximately 41.6%/31 December 2018	Acquire additional property to increase dormitory, storage and office area for our business expansion
HK\$37.9 million or approximately 28.7%/31 December 2020	Expand our internal competencies in relation to the design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems
HK\$2.7 million or approximately 2.0%/31 December 2018	Invest in software and personnel to build our competencies in BIM
HK\$6.2 million or approximately 4.7%/31 December 2018	Working capital

Our Executive Directors are of the view that the above future plans and proposed use of proceeds are appropriate given that (i) we had achieved revenue growth from 2014 to 2016 at CAGR of approximately 34.1%; (ii) we had been awarded three projects with aggregate contract sum of approximately S\$21.0 million in June and July 2017; (iii) based on the Frost & Sullivan Report, the market size by revenue of M&E industry in Singapore is projected to experience a further growth at a CAGR of approximately 7.5% from 2017 to 2021; and (iv) given our competitive strengths and our leading position as described in the Frost & Sullivan Report, we are well-positioned for growth.

For our planned increase in employees, we intend to hire 33 local employees, 33 foreign employees, and maintain our compliance with the dependency ceiling at the ratio of one full-time local worker to seven foreign workers.

For the business risks that our Group may face as a result of our future plans, please refer to the section headed “Risk factors” in this prospectus. For illustrative purposes only, based on these planned increase in employees and capital expenditure, our Director believe that we will have the additional internal resources to take on at least one and two additional projects (assuming contract values from S\$4.0 million to S\$10.0 million) for the years ending 31 December 2019 and 2020 respectively when opportunities arise.

SUMMARY AND HIGHLIGHTS

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

REASONS FOR THE LISTING

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it will (i) enhance our credibility and visibility in particular with main contractors and owners of building developments that have a regional or international presence, who may view a public listed contractor as one with higher standards of corporate governance and financial disclosure; and (ii) provide another source of funding and the use of the proceeds from the Share Offer for the implementation of our business strategies.

We have evaluated various venues for listing, including Singapore, and decided that Hong Kong is the most suitable venue for our Group with the following consideration:

- (i) with increasing number of Singapore companies being listed in Hong Kong, our Executive Directors are of the view that listing in Hong Kong would be recognised by our existing and potential customers as having attained a certain standard of corporate governance and financial strength; and
- (ii) the ease of access to capital market funding with sustained investor interest subsequent to Listing based on the overall size and turnover of shares on the Hong Kong Stock Exchange.

Our Executive Directors are of the view that given the increase in the number of main contractors and subcontractors in the respective Singapore construction and M&E industry over the years (of which a number of them have been listed in Singapore or Hong Kong), the Listing on the Stock Exchange will improve our competitiveness in the industry and enhance our Group’s credibility and visibility in particular among the main contractors and owners of building developments that have regional or international presence. As such, we believe that the Listing on the Stock Exchange not only will allow us to expedite our business expansion plans through the net proceeds, but also enhance our public image. The Listing will also provide us with more financing alternatives such as issuance of bonds and convertible securities.

Our Executive Directors are of the view that the location of our operations (in Singapore) should not be the deciding factor of where we pursue a listing but instead should be based on an evaluation of the aforementioned considerations. Furthermore, with information technology and retail stock trading platforms that cater to multiple stock exchanges, our Executive Directors do not view that the location of our operations has to be the same as where we pursue a listing. Our Executive Directors confirmed that other than this Listing, no application has been submitted for listing on any other stock exchange. Our Directors have confirmed that to the best of their knowledge and belief, there would be no impediments for our Company if we were to list on the Catalist of the Singapore Exchange Securities Trading Limited. Please refer to the paragraph headed “Reasons for the Listing” under the section headed “History, Reorganisation and corporate structure” in this prospectus for further details.

OFFERING STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.75 per Share	Based on the maximum indicative Offer Price of HK\$0.85 per Share
Market capitalisation ⁽¹⁾	HK\$630,000,000	HK\$714,000,000
Unaudited pro forma adjusted combined net tangible assets per Share ⁽²⁾	S\$0.057 or HK\$0.314	S\$0.061 or HK\$0.336

Notes:

- (1) The calculation of the market capitalisation of our Company is based on 840,000,000 Shares in issue immediately following the completion of the Share Offer but does not take into account of any Shares which may be allotted and issued upon the exercise of the options which may be granted under the Share Option Scheme.

SUMMARY AND HIGHLIGHTS

- (2) The unaudited pro forma adjusted combined net tangible assets per Share as at 31 May 2017 is arrived at after the adjustments set out in Appendix II to this prospectus and on the basis that 840,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 May 2017.

DIVIDENDS

For the three years ended 31 December 2016 and the five months ended 31 May 2017, aggregate dividends of S\$6.0 million, S\$7.0 million, S\$10.0 million and nil respectively have been declared. The abovementioned dividends declared had been settled as at the Latest Practicable Date. On 11 July 2017, a final dividend of S\$3.0 million was declared and will be paid before Listing. 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 the Listing. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant. We do not have any dividend policy nor a pre-determined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. For further details, please refer to the paragraph headed “Dividend” under the section headed “Financial information” in this prospectus.

RISK FACTORS

There are risks associated with any investment, and the material risks relating to our business are (i) our ability to achieve continuity of our order book; (ii) collectability of trade receivables; and (iii) maintenance of our existing registrations and licences. The material risks relating to our industry are (i) reduction in the pipeline of new building development and major A&A projects; (ii) cyclical fluctuation in the construction industry; and (iii) shortage of labour. For further details, please refer to the section headed “Risk factors” in this prospectus.

CONTROLLING SHAREHOLDERS

Following the completion of the Reorganisation, the Capitalisation Issue and the Share Offer (without taking into account of any Shares that may be allotted and issued by our Company pursuant to the exercise of any options that may be granted under the Share Option Scheme), HMK (which is owned as to 90.0% by Mr. Tay, 6.0% by Mr. Tay Yong Meng and 4.0% by Mr. Kenneth Teo) will hold 630,000,000 Shares, representing 75.0% of the enlarged issued share capital of our Company. For further details, please refer to the section headed “History, Reorganisation and corporate structure” in this prospectus.

HMK is an investment holding company, held by our Executive Directors, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo in the percentage of 90.0%, 6.0% and 4.0% respectively. Mr. Tay Yong Meng is the sibling of Mr. Tay, and Mr. Kenneth Teo is the nephew of Mr. Tay and Mr. Tay Yong Meng. Accordingly, we consider HMK, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo are a group of Controlling Shareholders. Please refer to the section headed “Directors and senior management” in this prospectus for further details of our Executive Directors.

DEFINITIONS

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

“ACRA”	the Accounting and Corporate Regulatory Authority, which is the national regulator of business entities and public accountants in Singapore
“Altus Capital” or the “Sponsor”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, appointed as the sponsor for the Listing
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company approved and conditionally adopted on 14 November 2017 with effect from the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“ASL”	Aristo Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, being one of the Joint Bookrunners, Joint Lead Managers and Underwriters to the Share Offer
“associate(s) or “close associates”	has the same meanings ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of our Board
“AWSHCS”	the Apply Workplace Safety and Health in Construction Sites course
“Baker Tilly”	Baker Tilly Consultancy (Singapore) Pte Ltd
“BCA” or “Building and Construction Authority”	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore
“BCA Academy”	the education and research arm of BCA
“BCISPA”	the Building and Construction Security of Payment Act, Chapter 30B of the laws of Singapore as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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
“bizSAFE Level 3”	the third level of bizSAFE that may be awarded under the bizSAFE programme
“bizSAFE STAR”	the highest bizSAFE level that may be awarded under the bizSAFE programme
“Board of Directors” or “Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 629,999,998 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “4. Written resolutions of our sole Shareholder passed on 14 November 2017” under the section headed “A. Further information about our Company” in Appendix V to this prospectus
“Cayman Companies Law” or “Companies Law” or “Cayman Islands Company Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemental or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as a custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as an investor participant(s) who may be an individual(s) or joint individual(s) or a corporation(s)

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“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant(s)”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central Provident Fund” or “CPF”	Central Provident Fund of Singapore, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
“Central Provident Fund Act”	the Central Provident Fund Act, Chapter 36 of the laws of Singapore as amended, supplemented or otherwise modified from time to time
“Chief Executive Officer”	the chief executive officer of our Group
“Chief Financial Officer”	the chief financial officer of our Group
“Chief Operating Officer”	the chief operating officer of our Group
“Companies (Miscellaneous Provisions) Ordinance”	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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Solis Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 21 June 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 9 August 2017
“connected person(s)” or “core connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Construction Productivity and Capability Fund” or “CPCF”	a fund under the Building and Construction Authority as part of the Singapore Government’s efforts to help the construction industry to improve productivity. For details of various schemes under the CPCF, please refer to the paragraph headed “Government schemes” in the section headed “Regulatory overview” in this prospectus
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules. As at the date of this prospectus, the Controlling Shareholders of our Company are HMK, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Cushman & Wakefield”	Cushman & Wakefield VHS Pte. Ltd.
“Deed of Indemnity”	the deed of indemnity dated 20 November 2017 entered into between the Controlling Shareholders (as indemnifiers) in favour of our Company (for itself and as trustee for each of our subsidiaries), particulars of which are set out under the paragraph headed “1. Deed of Indemnity” under the section headed “G. Other information” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 20 November 2017 entered into by the Controlling Shareholders in favour of our Company (for ourselves and for the benefit of each of our subsidiaries) as further described under the section headed “Relationship with our Controlling Shareholders” in this prospectus
“demerit points”	points that will be issued by the MOM to contractors in the construction sector in Singapore for breaches and infringements under the Workplace Safety and Health Act, Chapter 354A of Singapore, details of which are set out in the paragraph headed “Workplace safety and health” under the section headed “Regulatory overview” in this prospectus
“Director(s)”	the director(s) of our Company
“electronic application instruction(s)”	instruction(s) given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Public Offer Shares

DEFINITIONS

“EMA”	the Energy Market Authority of Singapore, whose main goals are to ensure a reliable and secure energy supply, promote effective competition in the energy market and develop a dynamic energy sector in Singapore
“Executive Chairman”	the executive chairman of our Company
“Executive Director(s)”	the executive Director(s) of our Company
“Foreign Worker Levy” or “FWL”	Foreign Worker Levy, which is a pricing mechanism to regulate the number of foreign workers (including foreign domestic workers) in Singapore
“Frost & Sullivan”	Frost & Sullivan International Limited, an industry research consultant and an Independent Third Party
“Frost & Sullivan Report”	the independent industry report prepared by Frost & Sullivan and commissioned by our Company, the content of which is quoted in this prospectus
“GeBIZ”	the Singapore Government’s one-stop e-procurement portal where all public sector’s invitations for quotations and tenders are posted by individual Singapore Government agencies
“GEM”	the Growth Enterprise Market of the Stock Exchange
“General Manager”	the general manager of our Group
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries and the businesses carried on by them or their predecessors (as the case may be)
“GST”	Goods and Services Tax, is a broad-based consumption tax levied on the import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore
“HDB”	the Housing & Development Board of Singapore, which is Singapore’s public housing authority and a statutory board under the Ministry of National Development of Singapore
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“ HK eIPO White Form ”	the application of Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at <i>www.hkeipo.hk</i>
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at <i>www.hkeipo.hk</i>
“ HKICPA ”	Hong Kong Institute of Certified Public Accountants
“ HKSCC ”	Hong Kong Securities Clearing Company Limited
“ HKSCC Nominees ”	HKSCC Nominees Limited
“ HMK ”	HMK Investment Holdings Limited, a company incorporated in the BVI with limited liability on 20 June 2017 and owned as to 90.0% by Mr. Tay, 6.0% by Mr. Tay Yong Meng and 4.0% by Mr. Kenneth Teo. HMK will be one of our Controlling Shareholders upon the Listing
“ Hong Kong ” or “ HK ”	the Hong Kong Special Administrative Region of the PRC
“ Hong Kong Share Registrar ”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“ IAS ”	International Accounting Standards
“ IFRS ”	International Financial Reporting Standards promulgated by International Accounting Standards Board (“IASB”), IFRS includes IAS and interpretation
“ IMDA ”	the Info-communications Media Development Authority of Singapore which regulates the telecommunications and media sectors in Singapore to safeguard consumer interests while fostering a pro-business environment
“ Independent Non-Executive Director(s) ”	the independent non-executive Director(s)

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) which is/are independent of and not connected with any of the directors, chief executive, the controlling shareholders or the substantial shareholders of our Company or our subsidiaries or any of their respective associates within the meaning of the Listing Rules
“ISO 9001:2008”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“Joint Bookrunners” or “Joint Lead Managers”	with respect to the Share Offer, SSL, ASL and PFS
“Latest Practicable Date”	20 November 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“LTA”	the Land Transport Authority of Singapore, responsible for planning, operating, and maintaining Singapore’s land transport infrastructure and systems
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 11 December 2017, on which our Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company approved and adopted on 14 November 2017, as supplemented, amended or otherwise modified from time to time, a summary of which is contained in Appendix IV to this prospectus
“MOM”	Ministry of Manpower of Singapore

DEFINITIONS

“Mr. Kenneth Teo”	Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), our Chief Executive Officer, Executive Director, one of our Controlling Shareholders and the nephew of Mr. Tay and Mr. Tay Yong Meng
“Mr. Tan Boon Pin”	Mr. Tan Boon Pin, our General Manager
“Mr. Tay”	Mr. Tay Yong Hua, our Executive Chairman, Executive Director, one of our Controlling Shareholders and the brother of Mr. Tay Tong Meng and the uncle of Mr. Kenneth Teo
“Mr. Tay Li Bert”	Mr. Tay Li Bert, a technical personnel and a son of Mr. Tay, holds an academic degree in electrical and electronic engineering certified by Nanyang Technological University in Singapore, and has obtained the Certificate in Construction Productivity Management issued by BCA Academy
“Mr. Tay Yong Meng”	Mr. Tay Yong Meng, our Chief Operating Officer, Executive Director, one of our Controlling Shareholders and the brother of Mr. Tay and the uncle of Mr. Kenneth Teo
“Mrs. Tay”	Ms. Lim Sim Swee, the spouse of Mr. Tay Yong Hua
“Ms. Chan Huishan”	Ms. Chan Huishan, our Chief Financial Officer
“NEA”	the National Environment Agency of Singapore, responsible for improving and sustaining a clean and green environment in Singapore
“Nomination Committee”	the nomination committee of our Board
“NTA”	the net tangible assets
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued, pursuant to the Share Offer, which will not be more than HK\$0.85 and is currently expected to be not less than HK\$0.75, to be agreed upon by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or around the Price Determination Date
“Offer Shares”	the Public Offer Shares and the Placing Shares

DEFINITIONS

“OHSAS 18001”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“PFS”	Pacific Foundation Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO, being one of the Joint Bookrunners, Joint Lead Managers and Underwriters to the Share Offer
“Placing”	the conditional placing of the Placing Shares at the Offer Price, subject to the terms and conditions described in this prospectus and the Placing Underwriting Agreement
“Placing Shares”	the 189,000,000 Shares initially being offered by our Company for subscription at the Offer Price under the Placing subject to re-allocation as described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriter(s)”	the underwriter(s) of the Placing who are expected to enter into the Placing Underwriting Agreement to place the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into on or around the Price Determination Date, amongst others, by our Company, our Controlling Shareholders, our Executive Directors, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Placing Underwriter(s) in relation to the Placing
“PRC” or “China”	People’s Republic of China, which for the purpose of this prospectus, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Price Determination Agreement”	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or around the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	on or about Friday, 1 December 2017 and, in any event, not later than 5:00 p.m. on Friday, 1 December 2017, on which the Offer Price will be determined for the purposes of the Share Offer

DEFINITIONS

“Principal Share Registrar”	Conyers Trust Company (Cayman) Limited, the Cayman Islands share registrar of our Company
“Professional Engineers Board”	a statutory board of Singapore, whose mission is to safeguard life, property, and welfare of the public by setting and maintaining high standards for registering professional engineers, and by regulating and advancing the practice of professional engineering
“progress billings”	refer to progress claims approved by customers, a term used in the Accountants’ Report
“PUB”	the Public Utilities Board of Singapore, the national water agency of Singapore that manages Singapore’s water supply, water catchment and used water in an integrated way
“Public Offer”	the offer by our Company of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (subject to the terms and conditions described in this prospectus and the Application Forms)
“Public Offer Shares”	the 21,000,000 Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to reallocation as described under the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Public Offer Underwriter(s)”	the underwriter(s) of the Public Offer named in the paragraph headed “Public Offer Underwriters” under the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 27 November 2017 relating to the Public Offer entered into, amongst others, by our Company, our Controlling Shareholders, our Executive Directors, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters, as further described under the section headed “Underwriting” in this prospectus
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of our Board

DEFINITIONS

“Reorganisation”	the restructuring of our Group in preparation for the Listing, details of which are set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and corporate structure” in this prospectus
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Singapore Legal Advisers”	Morgan Lewis Stamford LLC, the legal advisers of our Company as to Singapore laws
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by the Shareholders on 14 November 2017 as described in the section headed “F. Share Option Scheme” in Appendix V to this prospectus
“Singapore”	the Republic of Singapore
“Singapore Government”	the government of Singapore
“Sing Moh”	Sing Moh Electrical Engineering Pte Ltd, an exempt private company incorporated in Singapore with limited liability on 11 August 1988, an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“SME”	SME International Holdings Limited, a company incorporated in the BVI with limited liability on 18 May 2017 and a wholly-owned subsidiary of our Company
“Special Employment Credit”	a scheme by the Singapore Government to provide employers with support to hire older Singaporeans and Singaporeans whose earning up to a certain amount
“sq.m.”	square metre

DEFINITIONS

“SSL”	Sincere Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being one of the Joint Bookrunners, Joint Lead Managers and Underwriters to the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
“Temporary Employment Credit” or “TEC”	a scheme by the Singapore Government to help employers cope with higher wage costs due to the increase in CPF contribution rate by employer
“Track Record Period”	the three years ended 31 December 2016 and the five months ended 31 May 2017
“Trading Day”	a day on which trading of the Shares takes place on the Stock Exchange
“Underwriters”	the Public Offer Underwriter(s) and the Placing Underwriter(s)
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“URA”	the Urban Redevelopment Authority of Singapore, that is Singapore’s land use planning and conservation authority whose mission is to make Singapore a great city to live, work and play in
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Wage Credit Scheme”	a scheme by the Singapore Government to co-fund wage increases to Singapore citizen employees who earn below a certain income level

DEFINITIONS

“Workplace Safety and Health Act”	the Workplace Safety and Health Act, Chapter 354A of the laws of Singapore as amended, supplemented or otherwise modified from time to time
“Work Injury Compensation Act”	the Work Injury Compensation Act, Chapter 354 of the laws of Singapore as amended, supplemented or otherwise modified from time to time
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

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\$5.5.

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. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the English names and their Chinese translations, the English names should prevail. The Chinese translation of the names in English or another language which are marked with “” are translations provided for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

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

“A&A”	additions and alterations works
“air-conditioning and mechanical ventilation system”	also known as environmental control system, whereby (i) air-conditioning system includes air-conditioning units, refrigerant, condensate and drainage pipework and related fittings; (ii) mechanical ventilation system includes exhaust air-fans and related fittings; and (iii) the required power supply and control systems for the proper functioning of these systems
“AutoCAD”	refers to computer-aided drawing software program used to create blueprints for buildings etc.
“BIM” or “Building Information Modelling”	advanced computer technology (with the use of three-dimensional models) that allows building performance to be simulated digitally so that design conflicts can be collectively resolved upfront to avoid costly abortive work at the construction stage; widely accepted as an essential tool for improvement of productivity from the design to the downstream construction stages
“Buildable Design Score”	score for buildable design computed in accordance with the buildable design appraisal system as set out in the Code of Practice on Buildability
“CATV”	also known as communal antennae broadcasting distribution system which utilises network of cables to deliver multiple video and audio channels
“CCTV”	also known as closed circuit television system in which the circuit is closed and all the elements are directly connected; widely used in security systems
“Code of Practice on Buildability”	sets out the requirements of minimum Buildable Design Score, minimum Constructability Score and their submission procedures as set by the BCA
“Constructability Score”	score for constructability computed in accordance with the constructability appraisal system as set out in the Code of Practice on Buildability

GLOSSARY OF TECHNICAL TERMS

“Contractors Registration System” or “CRS”	Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders or as subcontractors for the public sector are required to register under this system
“CR07”	one of the construction-related workheads classified under the Contractors Registration System, where the title of the CR07 workhead is “Cable/pipe laying and road reinstatement” and it refers to the installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“CW01”	one of the construction workheads classified under the Contractors Registration System, where the title of the CW01 workhead is “General building” and it refers to (a) all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts; and (b) A&A works on buildings involving structural changes
“CW02”	one of the construction workheads classified under the Contractors Registration System, where the title of the CW02 workhead is “Civil engineering” and it refers to, amongst others, works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open car-parks and related works such as kerbs and footways
“Design and Build”	refers to scope of works that encompass both the design of the M&E drawings (as opposed to drawings being provided by the main contractor or the owner) and the building of the M&E systems

GLOSSARY OF TECHNICAL TERMS

“electrical engineering”	installation, testing, commissioning, maintenance and repair of electrical-based systems such as switchgears and generators including electrical installations in buildings
“ELV”	extra low voltage
“finalisation of accounts”	refers to the completion of billing for the works completed under a project
“high tension”	a term used to describe a high rating of electrical voltage
“kVA”	refers to 1,000 volt amps; a volt is electrical pressure and an amp is electrical current
“integrated building services”	the installation, commissioning, maintenance and repairs of building systems, such as air-conditioning, refrigeration and ventilation systems, building automation, industrial and process control systems, electrical systems, fire prevention and protection systems, internal telephone wiring and telecommunication systems, mechanical systems, and plumbing and sanitary systems
“low tension”	a term used to describe a low rating of electrical voltage
“M&E”	mechanical and electrical
“mechanical engineering”	the installation, commissioning, maintenance and repair of mechanical plant, machinery and systems
“ME01”	one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME01 workhead is “Air-conditioning, refrigeration and ventilation works” and it refers to the installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus

GLOSSARY OF TECHNICAL TERMS

- “ME02” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME02 workhead is “Building automation, industrial and process control systems” and it refers to the installation and maintenance of microprocessor or computer based building control systems and industrial process control systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME04” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME04 workhead is “Communication and security systems” and it refers to (i) the installation and maintenance of communications systems and security systems (for instance CCTV, security alarm, car park security control and card access system); and (ii) installation and maintenance of CATV systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME05” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME05 workhead is “Electrical engineering” and it refers to the installation, testing, commissioning, maintenance and repair of electrical-based systems such as switchgears, transformers and large generators, and includes the electrical installations of lightings in building and marine vessels; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME06” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME06 workhead is “Fire prevention and protection systems” and it refers to the installation and maintenance of fire alarm, prevention and protection systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME08” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME08 workhead is “Internal telephone wiring for telecommunications” and it refers to the wiring work within a building for telecommunications purposes; further details of which are set forth in the section headed “Regulatory overview” in this prospectus

GLOSSARY OF TECHNICAL TERMS

“ME15”	one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME15 workhead is “Integrated building services” and it refers to the installation, commissioning, maintenance and repairs of building services, which include some or all of, among other workheads, ME01, ME02, ME04, ME05, ME06 etc; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“method statement”	a document that details the way a work task or process is to be completed. The method statement should outline the hazards involved and include a step-by-step guide on how to do the job safely
“plumbing and sanitary works”	the installation, repairs and servicing of water and gas pipes, sanitary works and plumbing fixtures
“PPVC”	prefabrication and prefinished volumetric construction, one of the latest development technologies, means a construction method whereby free-standing volumetric modules (complete with finishes for walls, floors and ceilings) are constructed or manufactured at an off-site location, and then installed in a building on-site. This off-site technology can shorten the timescale of the building projects, reduce the noise caused by on-site building works, and save staff costs
“refrigerant”	a compound that changes from a gas to a liquid and then back, commonly used in refrigerators/freezers and air conditioners
“SAC” or “Singapore Accreditation Council”	the Singapore Accreditation Council, the national authority of Singapore for the independent accreditation of conformity assessment bodies in Singapore
“scaffolds”	a temporary structure used to support a work crew and materials to aid in the construction works
“shop drawing”	a detailed sets of drawing produced by contractor, supplier, manufacturer, subcontractor or fabricator that show the proposed material, shape, size and assembly of the parts and how the specified works will be done or installed
“switchboard”	a device that directs electricity from one source to another; an assembly of panels, each of which contains switches that allow electricity to be redirected

GLOSSARY OF TECHNICAL TERMS

“switchgears”	a system used to isolate electrical equipment for protection purposes, which is used both to de-energise equipment to allow work to be done and to clear faults downstream
“Telecommunication Wiring Contractor’s (Class) Licence”	licence required for a business, limited liability partnership or company to, <i>inter alia</i> , act as a telecommunication Wiring Contractor
“transformers”	a device that transfers electrical energy from one circuit to another through electrical conductors
“variation order(s)”	such additional works, omissions or changes requested by the customer for specifications not included in the original contract
“VRV/VRF”	variable refrigerant volume/variable refrigerant flow, both used to describe efficient and energy-saving heating and cooling systems by the volume or flow rate matched to the required heating or cooling loads, thereby saving energy and providing more accurate control
“workhead”	work category as sub-classified under the seven major categories of registration under the Contractors Registration System in Singapore; further details of which are set forth in the section headed “Regulatory overview” in this prospectus

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

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”, “Financial information” and “Future plans and use of proceeds”, which are, by their nature, subject to risks and uncertainties. These forward-looking statements include, without limitation, statements relating to our business objectives, strategies and plan of operation, our capital expenditure plans, financial sources, the amount and nature of, and potential for, future development of our business, our operations and business prospects, our dividend payment, the regulatory environment of our industry in general, future development in our industry, and general economic and political trends in Singapore.

In some cases, we use the words “aim”, “anticipate”, “believe”, “can”, “consider”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ought”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

- our business prospects, business strategies and plan of operation;
- our dividend;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our operations and business prospects, including our ability to retain senior management team members and recruit qualified and experience employees;
- our overall financial condition and performance;
- our planned projects;

FORWARD-LOOKING STATEMENTS

- the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;
- the general industry outlook, competition for our business activities and future development in our industry;
- macroeconomic measures taken by the Singapore government to manage economic growth and general economic trends in Singapore;
- general political and economic conditions in Singapore, Hong Kong and overseas;
- other statements in this prospectus that are not historical facts;
- realisation of the benefits or our future plans and strategies; and
- other factors beyond our Group’s control.

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

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

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statements 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.

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.

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

RISK FACTORS

Prospective investors should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Share Offer. Prospective investors should pay particular attention to the fact that the legal and regulatory environment in Singapore may differ in some respects from that prevailing in other countries. The business, financial condition or results of operation of our Group could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISK RELATING TO OUR BUSINESS

Inability to achieve continuity of our order book, given the non-recurring nature of our projects, could materially affect our financial performance

Our contracts are on a non-recurring and project basis. The duration for our projects during the Track Record Period ranged from 10 months to 53 months, with an average duration of approximately 30 months. As our projects are not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Although we are invited by our customers to tender for their projects, our Group nonetheless has to go through a competitive tendering process to secure new contracts. Our tender success rates were approximately 20.0%, 10.0%, 30.0% and 20.0% for invited tenders for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. In the event we are unable to maintain business relationship with existing customers, secure new customers, secure new contracts or similar number and value of projects or maintain our tender success rate, our revenue will be adversely affected.

In addition, so far as our Executive Directors are aware, most of our customers will evaluate their contractors based on their past performance, financial capability, pricing and certifications. If a contractor receives a poor safety performance review or has regulatory non-compliance incidents, it may lead to a poor evaluation and therefore affect future tender success rate. There is no assurance that we will be evaluated favourably by our customers or that we will be invited to tender. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

We may experience delays or defaults in collecting our trade receivables, and failure to receive payment on time and in full, or the delay in the release of retention monies or if 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, thereafter, subject to our customer's approval of our progress claims, we will proceed to issue the invoices with a credit term in accordance with the provision of the contract. As at 31 December 2014, 2015 and 2016 and 31 May 2017, our trade receivables (excluding retention

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receivables) were approximately S\$2.0 million, S\$3.4 million, S\$4.7 million and S\$1.8 million respectively, and no provision for impairment of trade receivables was assessed to be required. Our trade receivables turnover days were approximately 38 days, 22 days, 37 days and 33 days during the Track Record Period (please refer to the paragraph headed “Assets and liabilities” under the section headed “Financial information” in this prospectus for details on our trade receivables).

A portion of the contract value, normally 5% is withheld by our customers as retention monies, of which half will be released upon substantial completion and the remaining will be released upon final completion (which is after the defect liability period, usually 12 months from date of substantial completion). As of 31 December 2014, 2015 and 2016 and 31 May 2017, retention receivables of approximately S\$2.8 million, S\$4.7 million, S\$4.0 million and S\$4.2 million respectively, were retained by our customers. If a customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected. Even when 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 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, liquidity, financial position and financial results.

Inability to renew our existing registrations and licences or cancellation or suspension of our existing registrations and licences could materially affect our operations and financial performance

We are regulated by the Building and Construction Authority and various other regulatory bodies. These regulatory bodies stipulate the criteria that must be satisfied before registrations and licences are granted to, and/or renewed and/or maintained for, our business. The maintenance and renewal of our registrations and licences are subject to compliance with the relevant regulations. In particular, we are graded L6 under the ME05 “Electrical engineering” workhead, L5 under ME15 “Integrated building services” workhead and L4 under ME04 “Communication and security systems” workhead. Although we did not tender directly to Singapore Government agencies for public sector projects that we undertook during the Track Record Period, private customers would also stipulate the required M&E workhead grading in their tender documents. Moreover, the grading under the workhead also reflect the profile of a contractor which potential customers may consider during tender invitation and/or tender evaluation. The requirements laid down by BCA may change from time to time, and there is no assurance that we will be able to meet the changing requirements and maintain and/or renew our registrations and licences.

Our registrations and licences may be downgraded, suspended or cancelled if we fail to comply with the applicable requirements. Delay or refusal may also occur when renewing such registrations and licences upon expiry. For projects with private customers, they may take our M&E workhead gradings into consideration. As such, an inability to renew or maintain our M&E workhead gradings may reduce the number of project opportunities that we can tender for, and have an adverse impact on our operations and financial performance. Failure to keep or renew our

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existing M&E 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 operation, financial position, financial results and prospects. For details, please refer to the paragraph headed “Main registrations and licences” under the section headed “Business” in this prospectus.

Our five largest customers contributed over 80% of our revenue in each of the three years ended 31 December 2016 and the five months ended 31 May 2017 and any significant decrease in projects secured from any one of them may affect our operations and financial results

Our largest customer accounted in each of the year/ period during the Track Record Period approximately 23.7%, 22.1%, 36.0% and 46.5% of our revenue, and our five largest customers during each of those years/ period accounted for approximately 80.0%, 81.1%, 94.0% and 96.9% of our revenue for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. There is no assurance that these customers will continue to invite us for tender or engage us at fees and/or terms acceptable to our Group in the future. Our projects are secured from both returning and new customers, and our five largest customers during the Track Record Period (being represented by 13 distinct customers) are main contractors which include branches and subsidiaries of public-listed corporations, or with A1 grading under the construction workhead CW01 “General building” (the highest grading with unlimited tender value for public sector projects). As such, if we are not invited to tender or able to secure new projects from our five largest customers, or secure replacement customers (including customers who are able to secure similar number and/or size of projects), our operations, financial results and liquidity may be adversely affected.

Over 85% of our workforce is made up of foreign labour and inability to recruit and/or retain foreign labour could materially affect our operations and financial performance

Our business is highly dependent on foreign workers as the local construction labour force is of limited supply and more costly. As at the Latest Practicable Date, approximately 87.0% of our workforce is made up of foreign employees (including site workers and other employees). Any shortage in the supply of foreign workers, increase in FWL for foreign workers, or restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance. 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 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 their subcontractors can employ could affect our operations and accordingly our business and financial performance. 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 in turn 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

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Government) whereby the FWL for basic skilled workers under the construction sector will increase from S\$650 per head to S\$700 per head from 1 July 2017. Any increase in FWL will increase our operating expenses and will affect our financial performance.

Inability to complete our projects on a timely basis could materially affect our financial performance and reputation or subject us to claims

Our revenue is recognised on the stage of completion method, and billing is based on approved monthly progress claims. Any 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 regardless of such delay if the purchase orders have been fulfilled, therefore affecting our operational cash flows. A delay in the project can be due to various factors, including but not limited to, a shortage of manpower, a shortage of materials, delays by subcontractors or adverse weather. 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 (including being invited for future tenders and our tender success rates) could also be materially affected. If the delay is caused by our customers, we will also be unable to terminate our contracts with them or seek compensation from them as such clauses are typically not included in our contracts.

Moreover, other than liquidated damages, we may also have to bear additional costs as our customers have the discretion, after giving us notice and regardless of our objections, hire or employ additional subcontractor, labour, machinery and equipment as they deem fit, to avoid or minimise further delay. We will have to bear the aforementioned costs, with administrative charges calculated as a percentage of the incurred costs. In addition, to minimise further delay, we are also obliged to incur overtime man hours and the related labour costs at our own expense. In such circumstances, our financial performance and operations will be adversely affected.

Poor quality of works could materially affect our financial performance and reputation or subject us to claims

Our quality of works is assessed by our customers, and poor quality of works could be due to poor execution and quality control by our employees or that by our subcontractors. Reworks and additional costs may be incurred to improve the quality of our works, or we may be subject to claims from our customers. Poor quality of works could also impact other aspects of our business operations, and expose us to risks such as those stated in this section; for instance, it could adversely affect our reputation, future tender success rate and order book, or lead to increased costs, liquidated damages, deduction against performance bonds and/or retention monies. As such, poor quality of works could materially affect our financial performance.

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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 of different contracts vary and should more works be performed in a certain financial year, that particular financial year will record better short-term results. Similarly, our revenue and profitability during a certain period of the financial year may also not be indicative of the financial results for other months of the financial year. Therefore, there is no assurance that our short-term results of operations will be indicative of our long-term results of operations.

Inability to attract and retain members of our senior management and project teams will adversely affect our operations and financial performance

Our success is, to a large extent, attributable to our Executive Directors' strategies and visions as well as their efforts in key aspects of our business, including but not limited to, acquisition and maintenance of new/ existing customer relationships, evaluation of tender and pricing strategy, awareness of and ability to be at the forefront of M&E industry developments and management of our business operations. Each of our Executive Directors have been with us for over 20 years and are also supported by a team of experienced management and project personnel. Our Group's success and growth therefore depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel.

If our senior management and project personnel cease to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there will be an adverse impact on our business operation and hence, our overall financial performance.

We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff if our revenue fails to increase proportionately

As part of our objective, we intend to pursue three main business strategies which involve to varying extents the increase in our workforce. Please refer to the paragraph headed "Business strategies" under the section headed "Business" and the section headed "Future plans and use of proceeds" in this prospectus for details on the increase in our workforce, including the timing of the planned recruitment.

These planned investments in our workforce will increase our staff costs, thus potentially adversely affecting our profitability if we fail to increase our revenue proportionately. The amount of proceeds planned for the recruitment and retention of additional staff to expand our operations and to expand our internal competencies are estimated to be approximately S\$4.0 million and S\$6.9 million respectively. The total additional staff costs expected to be incurred in relation to our deployment of proceeds planned for the recruitment and retention of additional staff to expand our operations and internal competencies and to build our competencies in BIM are expected to be nil, S\$2.1 million, S\$3.9 million and S\$5.4 million for the four years ending 31 December 2020. Moreover, there is time and effort invested in the recruitment and training of these planned new

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employees. Should we fail to secure new projects or sufficient profitable projects, we may have to take measures to reduce our staff costs and/or reduce our workforce. If we fail to do so in a timely manner, our profitability will be adversely affected and we may also face liquidity risks as payment of salaries are required on a recurring basis irrespective of cash inflows from our projects.

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

Our business strategies and use of proceeds include the (i) purchase of machinery and equipment, and lorries; and (ii) acquisition of additional property to increase our dormitory, storage and office area to support our business expansion. Furthermore, we will invest in technology and human resources in relation to BIM. The total capital expenditures are estimated to be approximately S\$11.5 million and the additional depreciation charges are expected to be approximately nil, S\$33,000, S\$214,000 and S\$303,000 for the four years ending 31 December 2020 respectively, which may adversely affect our Group's financial performance.

Our use of proceeds includes approximately S\$10.0 million or HK\$55.0 million for the acquisition of an additional property to increase dormitory, workspace and office area to support our business expansion, and this may in turn have a negative impact on our financial performance due to the additional depreciation and maintenance costs as well as possible changes in the valuation of such property

As stated under the section headed "Future plans and use of proceeds" in this prospectus, we intend to apply approximately S\$10.0 million or HK\$55.0 million of the net proceeds from the Share Offer for the acquisition of an additional property to increase our dormitory, workspace and office area. This is in addition to two self-owned properties as stated in the paragraph headed "Business strategies" under the section headed "Business" in this prospectus. Owning a property carries certain risks, including but not limited to, the increase in depreciation and maintenance costs and possible decrease in property value. Depreciation expense for this additional property is estimated to be approximately S\$83,000 per annum for 30 years commencing from the year ending 31 December 2019. The purchase of this additional property is expected to be completed by 31 December 2018, and the acquisition will have the impact of (i) increasing our non-current assets; and (ii) reducing our profitability (holding all other factors constant) mainly due to depreciation and maintenance costs. This may in turn, affect our profitability ratios such as return on equity and return on total assets, reduce the valuation of our Company and thus the return of investment of our Shares.

Our properties are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. A decrease in carrying amount arising from the revaluation of our properties is charged to profit or loss to the extent that it exceeds the balance, if any, held in the reserve relating to a previous revaluation of that asset. As such, should the value of such property decreases, it will have the impact of (i) reducing our non-current assets; and (ii) reducing our profitability and similar to above, affect our profitability ratios and reduce the possible return on investment of our Shares.

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Inability to accurately estimate our project costs will affect our profitability and financial performance

Our contracts with our customers typically have a fixed and pre-determined fee throughout the contract period and do not permit any price adjustment. Please refer to the paragraph headed “Tender phase” under the section headed “Business” in this prospectus for further details of our pricing considerations during tender. 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 profitability.

Once we have been provided with a letter of award, we will place purchase orders with the key suppliers and subcontractors for the project, and they are obliged to fulfil our purchase orders at the agreed price for the project duration. While we had not experienced any significant delays in our projects during the Track Record Period, there is no assurance that we will not incur additional labour costs, or that delay during the project will not result in additional opportunity costs. Moreover, should our suppliers or subcontractors be unable to fulfil their contracts, we are responsible to deliver the contracted scope of works (inability to do so will expose us to risks as stated in the abovementioned risk factor “Inability to complete our projects on a timely basis could materially affect our financial performance, reputation or subject us to claims”). Furthermore, we may not have accurately assessed all the required materials and the timing for their delivery and any material costs that we have not considered in our tender proposal will adversely affect the budgeted profitability of the project.

Other situations such as changes in the regulatory requirements, disputes with suppliers and subcontractors, labour disputes as well as accidents, delays and other unforeseen problems will also affect our project costs. The risk of inaccurate estimation of costs generally increases with the duration of a project, and the duration for our projects during the Track Record Period ranged from 10 months to 53 months, with an average of 30 months. While we had not experienced any significant cost overruns during the Track Record Period, should we be unable to control our costs within our original estimates, 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.

We may incur additional tax payments due to an accounting adjustment arising from an accounting error in the revenue recognition method applied prior to the Track Record Period

As stated in the sub-paragraph headed “Income tax expense” under the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income”, under the section headed “Financial information” in this prospectus, there was an accounting adjustment arising from an accounting error in the revenue recognition method applied prior to the Track Record Period. In respect of this accounting adjustment, a corresponding additional tax provision of approximately S\$0.2 million has been recorded in the books of our Group. We had submitted revised tax computations to the tax authority with regard to the above in order for them to conduct a tax reassessment, if necessary. Should the tax authority issue us an additional notice of assessment, we will be subject to tax payments which would affect our cash position.

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Inability of our suppliers and subcontractors to fulfil their contractual obligations will affect the implementation of our contracted scope of works, and in turn adversely affect our financial performance and operations

Our five largest suppliers during each of those years/ period accounted for approximately 26.2%, 23.0%, 26.2% and 34.5% of our total cost of services for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our subcontracting costs amounted to approximately S\$0.4 million, S\$7.2 million, S\$0.9 million and S\$0.7 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. As we do not sign any long term contracts with our suppliers and subcontractors, but make our purchases based on the requirements of individual projects, there is no assurance that they will be able to continue to provide us with supplies and services at prices acceptable to us for future projects. In the event that any of the major suppliers and subcontractors is unable to provide the required supplies and services to our Group and we are unable to obtain alternative providers on similar or more favourable terms to us in a timely manner, our business, financial performance and liquidity may be adversely affected.

During the Track Record Period, we had undertaken three projects with a higher portion of works which we subcontracted, specifically in relation to air-conditioning and mechanical ventilation systems, and fire protection systems as we do not have sufficient internal resources to meet the projects' requirements. 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 their non-performance, late performance or poor performance. As a result, we may experience deterioration in the quality of our works, incur additional costs, or be exposed to liability in relation to the performance of subcontractors, which will adversely impact our profitability, financial performance and reputation, and may result in litigation or damages claims.

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, who may be unable to perform their obligations in a timely manner, 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, financial performance and prospects could be materially and adversely affected. Please refer to the abovementioned risk factor "Inability to complete our projects on a timely basis could materially affect our financial performance and reputation or subject us to claims".

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Our cash flows may fluctuate due to the payment practice applied to our projects

Our projects normally incur net cash outflows at the early stage of carrying out our works as we are required to pay the setting up expenditures, purchase materials, and commence works prior to payment received from our customers. Our customers will make payments pursuant to our progress claims which have to be approved by our customers. Accordingly, cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the project progresses. We typically do not receive a deposit from customer for offsetting the initial cash outflows. As we undertake a number of projects at any given period, the cash outflow of a particular project could be offset 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.

We may be required by our customers to arrange for performance bonds to secure our due performance of contracts, which may adversely affect our cash flows and financial position

It is a common practice in the construction industry that contractors are required by their customers to take out performance bonds at a fixed sum or a certain percentage of the contract sum to secure due performance and compliance with the contracts. If the contractor fails to comply with the requirements in the contracts, the customer is guaranteed the compensation for monetary loss up to the amount of the performance bonds.

As at 31 May 2017, we had performance bonds in our ordinary course of business of approximately S\$6.8 million. The performance bonds represented insured sums that may only be released upon the expiration of the contract period. Furthermore, we cannot guarantee we will not undertake projects which have performance bonds requirements in the future, and should we fail to satisfactorily complete our contracted works, our future premiums may increase or we may not be able to obtain insurance for future performance bonds, which may adversely affect our cash flows and financial position.

Inability to comply with certain site requirements as listed in our contracts will subject us to be fined by our customer, and will affect our financial performance and performance track record

Typically our customers will impose fines on their subcontractors for not complying with certain of their on-site requirements. This is because the cooperation of all the subcontractors who are at the construction site is important not only for the timely implementation of the construction schedule, but also for the safety of the workers at the site. Please refer to the paragraph headed “Key contract terms with customers” under the section headed “Business” in this prospectus for further details.

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During the Track Record Period, we had been fined by our customers with an aggregate of approximately S\$14,000 and these fines were neither in relation to regulatory non-compliance nor resulted in litigation or termination of our contracts. Fines imposed on us will adversely affect our financial performance and will be recorded by our customer, and there is no assurance that these will not affect our future tender success with these customers.

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

We may from time to time encounter disputes arising from contracts with customers, suppliers, subcontractors or other third parties. Claims against us with customers may involve defective works, damaged works as we are obliged to protect our completed or partially completed works on-site, property damages or other contractual breaches which may result in us incurring liquidated damages under the terms of our contracts with our customers. For further details, please refer to the paragraph headed “Key contract terms with customers” under the section headed “Business” in this prospectus. Claims may also arise from disputes with suppliers and subcontractors on matters relating to payment and/or contractual performance. 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, financial performance and prospects. Moreover, legal 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, financial performance and prospects.

Our employees who have suffered an injury arising out of and in the course of his/ her 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. Please refer to the paragraph headed “Workplace safety and health” under the section headed “Business” in this prospectus for further details. As at the Latest Practicable Date, there were two outstanding employees’ compensation claims in relation to minor workplace injuries of approximately S\$1,000. For details of the employees’ compensation claims during the Track Record Period, please refer to the paragraph headed “Litigation and claims” under the section headed “Business” in this prospectus.

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

The future plan of our Group set out under the section headed “Future plans and use of proceeds” in this prospectus has been prepared after due enquiry by reference to, among other matters, the expected future prospects of the M&E 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 relevant for our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, 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.

Prospective investors should note that the increase in cost as a result of the Listing and the additional staff costs and depreciation (for our capital expenditure) as contemplated under the future plans of our Group may outweigh the increase in revenue in the short run, which in turn, have an adverse impact on our financial performance. We expect to record (i) total additional staff costs of nil, S\$2.1 million, S\$3.9 million and S\$5.4 million for the four years ending 31 December 2020; and (ii) additional depreciation charges of approximately nil, S\$33,000, S\$214,000 and S\$303,000 for the four years ending 31 December 2020. Please also refer to the abovementioned risk factors “We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff if our revenue fails to increase proportionately” and “Our business strategies include capital investment which would increase depreciation charges that would reduce our profitability”.

Our insurance coverage may be insufficient to cover all losses or potential claims and insurance premiums may increase

We have public liability insurance for injuries to third parties and damages to their properties, and the required policies for our staff, such as work injury compensation and medical insurance. We have also purchased fire insurance for our premises that are used as our owned head office and dormitory, including for renovations, furniture and fittings, and computers at our premises. In addition, we have insurance for our motor vehicles. For our projects, we do not need to procure specific insurance as it is usually covered by the insurance procured by the main contractor. However, we may become subject to liabilities against which we are not insured adequately or at all or exposure which cannot be insured, including risks mentioned in this section such as our ability to obtain new contracts, to collect our trade and retention receivables and to maintain our registrations and licenses. 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, employee compensation obligations, or other form of economic loss. In addition, we have not maintained insurance policies against losses arising from

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our environmental liabilities, work stoppages, civil unrest or other activities. Pursuant to Singapore laws and regulations, purchasing such insurance is not compulsory. Moreover, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or its cost can be prohibitive.

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. Our payments for insurance premiums amounted to approximately S\$0.1 million, S\$0.2 million, S\$0.2 million and S\$0.1 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, financial performance and prospects.

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 include working at height at the construction sites. Our employees will also have to work with machinery and tools that are required 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 damage our reputation, which may also affect the validity of our relevant registrations, business operations and financial performance. 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. For the three years ended 31 December 2016 and the five months ended 31 May 2017, we recorded one, one, four and two accidents and our lost time injuries frequency rate were approximately 51.2, 47.6, 76.7 and 136.2 respectively. None of these were fatal injuries. For details, please refer to the paragraph headed “Occupational health and safety policy” under the section headed “Business” in this prospectus.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A reduction in the pipeline of new building development and major A&A projects could materially affect our financial performance

We are highly dependent on the pipeline of new building development and major A&A projects. New building development projects are in part affected by the general economic conditions, construction industry, government initiatives and spending, resale prices and rental yields (as the case may be), factors which are beyond our control. Moreover, our recent projects

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undertaken during the Track Record Period were mainly for private residential, mixed residential and commercial developments, educational institutions and nursing homes. As customers would typically look at a subcontractor's recent projects to decide if the latter has the ability to fulfil their upcoming projects, our project portfolio will to some extent result in our dependence on new building development opportunities in the similar type or size of projects undertaken. If the reduction in construction demand for the type of building developments that we have undertaken is significant, and we cannot diversify effectively into the type of building developments with potential increase in demand, we may face increased competition, along with the need to be more competitive in our pricing or to contract with third parties on terms that are less favourable for us. This will adversely affect our business, financial performance, prospects and liquidity.

A cyclical fluctuation in the Singapore market, in 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 in Singapore may adversely affect our business, financial position, financial performance and prospects. The construction industry in Singapore is subject to cyclical and seasonal fluctuations, and any downturn in the construction industry will have direct impact on the M&E industry, in particular for the implementation of M&E systems in new building developments. 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 the recovery of receivables.

There is a shortage of labour in the M&E 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 Frost & Sullivan Report, one of the challenges to the M&E industry in Singapore is the shortage of labour, which is attributable to factors such as the Singapore Government's policy measures restricting foreign manpower hiring. Even without such shortage, we generally compete with similar businesses for such workers. Given that we are in a labour intensive industry, we rely on our workers for our business operations and if we are unable to retain or replace such workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our works. We cannot assure you that we will be able to maintain a sufficient labour force necessary for us to execute our projects, 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 financial performance and inhibit our future growth and business expansion plans.

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There is no assurance that competition in the M&E industry will not increase

As stated in the Frost & Sullivan Report, the M&E industry in Singapore is highly fragmented with over 1,000 contractors registered under the ME05 “Electrical engineering” workhead. There is no assurance that there will not be an increase in the number of M&E contractors, or an increase in the number of M&E contractors who are able to obtain L6 grading under ME05 “Electrical engineering” workhead, or M&E contractors who have developed significant expertise and track record for building development projects of a similar scale as our track record.

Moreover, the M&E industry may from time to time introduce new initiatives, for instance the BCA has introduced the Code of Practice on Buildability and part of the requirements is for a certain percentage of a building construction to be performed on PPVC modular system. As a subcontractor, we will have to assist our customers to meet the requirements set by the BCA and also to assist them to obtain a higher scoring based on the scoring system set by the BCA (for instance, the Buildable Design Score and Constructability Score). Should we face increased competition or if we cannot adapt effectively to market conditions, industry developments, customer preferences and/or competitive environment, our Group and our tender proposals may not be competitive and our tender success rates, our revenue and our profitability will be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. We may also compete in other areas including for services of subcontractors and qualified employees. If we cannot attract their services or are unable to compete in such other areas, our business, financial condition, financial performance and prospects may be materially and adversely affected.

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

Our operations are subject to laws and regulations that relate to matters such as licensing, employment of foreign workers, workplace health and safety, and environmental protection in Singapore, with certain material ones summarised under the section headed “Regulatory overview” in this prospectus. In the event that our operations fail to meet them, we may be subject to fines or be required to take remedial measures or they may affect our ability to obtain new projects. If any of these events occurs, it may adversely affect our reputation, business, financial condition and financial performance. Additionally, 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.

Since 2001, BCA had implemented the buildability legislation for all building projects to raise site productivity and reduce its reliance on foreign workers. The mandatory requirements for adoption of buildable designs had also been progressively raised over the years. The latest revision was made in 2015 whereby BCA raised the minimum buildability standards and introduced the mandatory adoption of standard components and building system such as a certain percentage of a

RISK FACTORS

building construction to be performed on PPVC modular system. Please refer to the paragraph headed “M&E services” under the section headed “Business” in this prospectus on how as a subcontractor, we will have to assist our customers to meet these requirements set out by BCA.

Further, 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 from S\$650 per head to S\$700 per head from 1 July 2017. There is no assurance that increases in our operating costs to comply with regulatory changes will not affect our project profitability as the competitive environment or other factors may not allow us to fully recover all the additional costs. Should this occur, our financial performance will be adversely affected.

RISKS RELATING TO THE SHARE OFFER

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

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

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

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors’ perception of our Group and the investment environment generally;
- addition or departure of key management;
- developments in the Singapore construction and M&E industry;
- changes in Singapore Government spending;
- changes in pricing made by us or our competitors;
- fluctuations in market prices and trading volume of the Shares;

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- involvement in litigation; and
- general economic environment and other factors.

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

There is no guarantee that we will declare dividends in the future

For each of the three years ended 31 December 2016 and the five months ended 31 May 2017, aggregate dividends have been declared of S\$6.0 million, S\$7.0 million, S\$10.0 million and nil respectively. The abovementioned dividends declared had been fully settled as at the Latest Practicable Date. On 11 July 2017, a final dividend of S\$3.0 million was declared and will be paid before Listing. The value of dividends declared and paid in previous years should not be relied on by prospective 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 payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant.

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. Our Group does not have a pre-determined dividend payout ratio.

Termination of the Underwriting Agreements

Prospective investors 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 paragraph headed “Underwriting arrangement and expenses — Grounds for termination” under the section headed “Underwriting” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out. Should the Joint Lead Managers (for themselves and on behalf of the Underwriters) exercises its rights and terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

RISK FACTORS

Future issues, offers or sales of Shares may adversely affect the prevailing market price of the Shares

Future issues of Shares by our Company or the disposals of Shares by any of the Substantial Shareholders or Controlling Shareholders or the perception that such issues or sales may occur, may negatively impact the prevailing market price of the Shares. We cannot give any assurance that such events will not occur in the future.

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 our business operation, expansion and/or other funding needs. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company 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.

Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located

Our Company is incorporated in the Cayman Islands and our affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands Company Law on protection of minorities is set out under the section headed "3. Cayman Islands Company Law" in Appendix IV to this prospectus.

The interests of our Controlling Shareholders may conflict with the interests of our Company's public shareholders

Immediately upon the completion of the Capitalisation Issue and the Share Offer (but without taking into account of Shares that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), our Controlling Shareholders will own 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 Company or our public Shareholders. We cannot assure you 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.

RISK FACTORS

Risk of impact of granting options under the Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme although no options have been granted thereunder as at the Latest Practicable Date. Any exercise of the option to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the ownership percentage of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue.

Under the IFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to our statements of comprehensive income over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our profitability and financial results may be adversely affected.

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

Our principal place of business is in Singapore with our sales and purchases are 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 in Singapore dollars. Since 1 January 2014 up to the Latest Practicable Date, Singapore dollar has depreciated by approximately 6.0% against the HK dollars, from S\$1.00 to HK\$6.13 as at 2 January 2014 to S\$1.00 to HK\$5.76 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 Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or

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compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

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

There may be press and media coverage regarding us or the Share Offer, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

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

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

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

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our Company's headquarter is located in Singapore, and our Group's principal business operations managed from headquarter are and will continue to be based in Singapore, our Executive Directors and senior management members are and will continue to be based in Singapore. At present, our Company has no business activities in Hong Kong and none of our Executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and have obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Kenneth Teo, an Executive Director, and Mr. Ng Chit Sing, the company secretary of our Company. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong to discuss any matters in relation to our Company within a reasonable period of time upon request and will be readily contactable by office, mobile and other telephone numbers, email address and correspondence address (if the authorised representative is not based at the registered office), facsimile number, if available, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange. Both of them have confirmed that they possess valid travel documents to Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) Each of our Directors has provided his/her office phone number, mobile phone number, office facsimile number and email address to the authorised representatives and the Stock Exchange. Our authorised representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;
- (c) Our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Altus Capital as its compliance adviser, who will act as an additional channel of communication of our Company with the Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing Date at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) Our Company will retain professional advisers (including legal advisers and accountants) to advise on its on-going compliance obligations and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing;
- (e) Meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or our Company's compliance adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorised representatives and/or compliance adviser; and
- (f) Each Director who is not ordinarily resident in Hong Kong has confirmed that he/she has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period upon request from the Stock Exchange.

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 (Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that 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 and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriter(s), any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

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

UNDERWRITING

This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by Altus Capital. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, on a conditional basis. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and us. The Share Offer is managed by the Joint Lead Managers.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and behalf of the Underwriters) on or around the Price Determination Date, the Share Offer will not proceed and will lapse. For further information about the Underwriters and the Underwriting Agreements, please refer to the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms, and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the related Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the Application Forms, and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme).

No part of our Shares or loan capital of our Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. Accordingly, a total of 210,000,000 Offer Shares, which represent 25% of the enlarged 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 allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Under section 44B(1) of the Companies (Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is 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 by the Stock Exchange.

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and 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 any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in the Shares. It is emphasised that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Shares, or the exercise of any rights in relation to the Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our register of members will be maintained by our Cayman Islands share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our branch register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree. Dealings in our Shares registered at our branch register of members in Hong Kong 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 vendor on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

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

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set out under the section headed "How to apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out under the section headed "Structure and conditions of the Share Offer" in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 11 December 2017, it is expected that the dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 11 December 2017. The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares will be 2227.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

OUR PROPOSED AUDITORS AFTER THE LISTING

Under Rule 19.20 of the Listing Rules, we, as an overseas issuer, must have our annual accounts audited by a person, firm or company who must be a practicing accountant of good standing, and that such person, firm or company must also be independent to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants. In addition, the firm of accountants must be either (i) qualified under the Professional Accountants Ordinance for appointment as an auditor of a company; or (ii) acceptable to the Stock Exchange which has an international name and reputation and is a member of a recognised body of accountants.

After the Listing, Deloitte & Touche LLP (“**Deloitte Singapore**”) will be the proposed auditor of our Group. Deloitte Singapore is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules on the grounds that:

- (i) Deloitte Singapore is affiliated to a member firm of the Deloitte Touche Tohmatsu Limited network of firms;
- (ii) Deloitte Singapore is a firm registered with the Accounting and Corporate Regulatory Authority (“**ACRA**”), the national regulator of public accountants in Singapore. Deloitte Singapore is subject to ACRA’s annual practice monitoring programme. ACRA reviews the firm and a selection of partners every year to evaluate as to whether they have complied with professional standards; and
- (iii) Deloitte Singapore is independent of the Group in accordance with ACRA’s *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, developed largely based on the *Code of Ethics for Professional Accountants, 2016 Edition* promulgated by the International Ethics Standards Board for Accountants.

ROUNDING

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

LANGUAGE

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

TRANSLATIONS

Unless otherwise specified, amounts denominated in S\$ have been translated, for the purpose of illustration only, into HK\$ (or *vice versa*) in this prospectus at the following exchange rates:

S\$1.00 : HK\$5.5

No representation 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 date.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Tay Yong Hua (鄭湧華先生*)	8 Chuan Garden Singapore 558527	Singaporean
Mr. Tay Yong Meng (鄭永明先生)	33 Jalan Chermat Singapore 538383	Singaporean
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (張瑞清先生)	13 Hong Lee Place Singapore 548856	Singaporean
<i>Independent Non-Executive Directors</i>		
Ms. Theng Siew Lian Lisa (唐秀蓮女士)	17A King Albert Park Singapore 598298	Singaporean
Mr. Law Wang Chak Waltery (羅宏澤先生)	Flat B, 9/F, Elegant Garden No. 18 Babington Path Mid-level, Hong Kong	Chinese
Mr. Tan Sin Huat Dennis (陳星法先生)	68A Eng Kong Road Singapore 599087	Singaporean

Further information of our Directors can be found in the section headed “Directors and senior management” in this prospectus.

* For identification purpose only.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

**Joint Bookrunners
and Joint Lead Managers**

Sincere Securities Limited
9/F COSCO Tower
183 Queen's Road Central
Hong Kong

Aristo Securities Limited
Room 101, 1/F
On Hong Commercial Building
145 Hennessy Road
Wan Chai, Hong Kong

Pacific Foundation Securities Limited
11th Floor, New World Tower II
16–18 Queen's Road Central
Hong Kong

Public Offer Underwriters

Sincere Securities Limited
9/F COSCO Tower
183 Queen's Road Central
Hong Kong

Aristo Securities Limited
Room 101, 1/F
On Hong Commercial Building
145 Hennessy Road
Wan Chai, Hong Kong

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Independent industry consultant	Frost & Sullivan International Limited 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Independent internal control consultant	Baker Tilly Consultancy (Singapore) Pte Ltd 600 North Bridge Road #05-01 Parkview Square Singapore 188778

CORPORATE INFORMATION

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Headquarters and principal place of business	85 Tagore Lane Singapore 787527
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Authorised representatives	Mr. Kenneth Teo Swee Cheng 13 Hong Lee Place Singapore 548856 Mr. Ng Chit Sing (<i>HKICS, ICSA</i>) Rooms 802–804, 8/F, Kin Wing Commercial Building 24–30 Kin Wing Street Tuen Mun, New Territories Hong Kong
Audit committee	Mr. Law Wang Chak Waltery (<i>Chairman</i>) Ms. Theng Siew Lian Lisa Mr. Tan Sin Huat Dennis

CORPORATE INFORMATION

Remuneration committee	Ms. Theng Siew Lian Lisa (<i>Chairlady</i>) Mr. Tay Yong Hua Mr. Law Wang Chak Waltery
Nomination committee	Mr. Tan Sin Huat Dennis (<i>Chairman</i>) Mr. Law Wang Chak Waltery Mr. Tay Yong Meng
Corporate governance committee	Mr. Kenneth Teo Swee Cheng (<i>Chairman</i>) Ms. Theng Siew Lian Lisa Mr. Tan Sin Huat Dennis
Compliance adviser	Altus Capital Limited 21 Wing Wo Street Central Hong Kong
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Hong Kong Share Registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
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Company website	<i>www.TheSolisGrp.com</i> (Note: The contents of this website do not form part of this prospectus)

INDUSTRY OVERVIEW

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

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the M&E industry in Singapore. The report prepared by Frost & Sullivan for us is referred to in the prospectus as the Frost & Sullivan Report. A total fee of HK\$380,000 was paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type.

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

RESEARCH METHODOLOGY

The methodologies used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report include desktop research and trade interviews. Desktop research involves information integration of data and publication from publicly available sources, including official data and announcements from government agencies, and market research on the industry in general and on leading industry participants. Trade interviews were conducted with industry participants across the industry chain and relevant institutions to obtain objective and factual data and prospective predictions.

The Frost & Sullivan independent research consists of both primary and secondary research obtained from various sources in respect of the M&E industry in Singapore.

Basis and assumptions

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

OVERVIEW OF M&E INDUSTRY IN SINGAPORE

Definition and classification

M&E refers to mechanical and electrical engineering in construction, which includes the design, installation, testing, commissioning, maintenance and repair services. (In accordance with the industry practice and due to the limitations of data, the data in respect of the M&E industry included that of M&E works that are of maintenance nature.)

INDUSTRY OVERVIEW

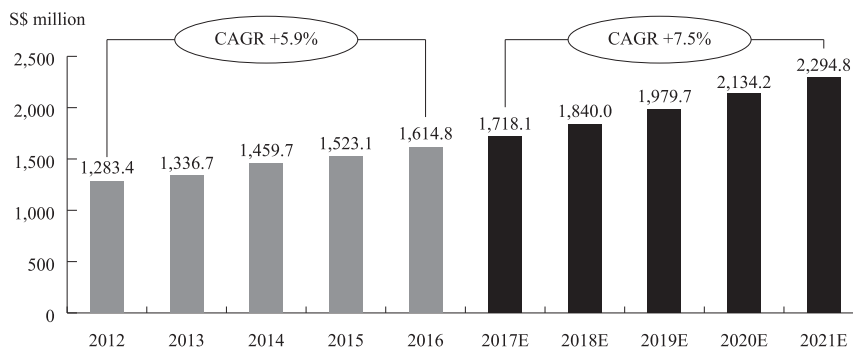
Market size of M&E industry in Singapore

According to the Frost & Sullivan Report, with the development of Singapore real estate industry, the number of newly built buildings has grown rapidly, especially the private residential housing properties and executive condominiums. Moreover, Singapore government is actively pushing the development of tourism industry, which brings substantial demand for A&A works for commercial buildings, such as hotels, retail buildings and restaurants to attract more tourists. In this case, there are more business opportunities for M&E solution service providers in the market and the market size by revenue of M&E industry has reached approximately S\$1,614.8 million in 2016, an increase from S\$1,283.4 million in 2012, representing a CAGR of approximately 5.9%.

Due to the development of the Singapore economy, residents are more willing to invest in private residential housing properties and the number of available private housing properties is expected to reach 447,838 units in 2021. Moreover, as Singapore government has announced a S\$700 million investment to support the development of tourism industry, it is expected that the demand for A&A services, including the redesign and update of existing M&E systems, installation of new M&E systems, etc. will continue to grow. Hence, the market size by revenue of M&E industry is projected to experience a further growth to approximately S\$2,294.8 million in 2021, at a CAGR of approximately 7.5% from 2017 to 2021.

The abovementioned projected growth of the market size by revenue of M&E industry is expected to largely comes from (i) an increase in the construction demand for public infrastructure and housing projects; and (ii) a moderate growth in demand for M&E installation works for private sectors. Notwithstanding the slightly lower growth of construction demand by awarded contract value of the private sector according to the press release from BCA dated 6 January 2017 (the ‘private sector’ stated in the BCA release includes commercial and industrial sector, mixed residential, commercial sector and private residential sector), the construction market size by completed value or revenue of the private residential sector generated moderate growth over the past few years by reaching S\$4.2 billion in 2016, representing approximately 14.9% of the overall construction market in Singapore in 2016, at a CAGR of 4.8% from 2012 and is expected to reach S\$5.4 billion by 2021, at a CAGR of 5.3% from 2017 to 2021. According to Frost & Sullivan Report, such forecast increase was due to rising domestic demand and increasing upgrading demand. For details, please refer to the paragraph headed “Market size of M&E industry — Private residential sector” in this section.

Market size by revenue of M&E industry (Singapore), 2012–2021E



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Market size of M&E industry — Private residential sector

With the development of economy, the monthly household income from work of Singapore residents has experienced a moderate growth and the median monthly household income from work increased from approximately S\$7,566.0 in 2012 to approximately S\$8,846.0 in 2016, according to the Frost & Sullivan Report. Therefore, Singapore residents are more willing to invest in private residential properties, aiming to improve their living standard, especially for those who seek quality and living experience. In this case, the demand for private residential properties increases gradually, fostering the development of M&E industry for the private residential sector. The market size by revenue of M&E industry in the private residential sector grew from approximately S\$138.8 million in 2012 to approximately S\$192.4 million in 2016, representing a CAGR of approximately 8.5%.

The Singapore government has set strict requirements for buyers of HDB flats, that only Singapore residents, being Singapore citizens and permanent residents have the right to purchase HDB flats. In 2016, non-residents in Singapore accounts for nearly 30% of total population and the proportion is expected to increase slightly in the next few years, which will stimulate the demand for private residential properties and hence further increase the demand for M&E industry in the private residential sector. According to the Frost & Sullivan Report, the market size of M&E industry in private residential sector is expected to amount to approximately S\$310.5 million in 2021, registering a CAGR of approximately 10.6% from 2017 to 2021.

The forecasted CAGR of approximately 10.6% for the private residential sector in the M&E industry during the period from 2017 to 2021 is mainly due to the projected growth in the private construction market size for such sector. Such projected growth is driven by the rising domestic demand and increasing upgrading demand.

According to the Frost & Sullivan Report, the duration of private residential projects in Singapore normally last for approximately two to three years; the private construction market size of such sector by revenue reached S\$4.2 billion in 2016, at a CAGR of approximately 4.7% from 2012 and is expected to reach S\$5.4 billion by 2021, at a CAGR of approximately 5.3% from 2017 to 2021.

The major drivers of the private residential sector of the M&E industry in Singapore include:

(i) ***Rising domestic demand***

According to the Frost & Sullivan Report, the sales of new private residential properties in Singapore experienced steady growth over the past few years by reaching 7,316 units, 7,440 units and 7,972 units in 2014, 2015 and 2016 respectively. The growth rate for the period from 2015 to 2016 amounted to approximately 7.2%, up by approximately 5.5% as compared with the period from 2014 and 2015. In the first half of 2017, the demand for new private residential properties experienced a significant growth and reached 6,039 units, increased by approximately 64.3% as compared with the same period in 2016.

According to the latest Government Land Sales (GLS) Programme released by the Urban Redevelopment Authority (which is the government body of Singapore that releases land supply plan on half year basis and other real estate-related information on regular basis), the rapid growth in the demand for new residential properties pushed the government to increase

INDUSTRY OVERVIEW

their land supplies in order to cater such demand. The land supply plan for the second half of 2017 would yield a total of 8,125 new private residential units, increased by approximately 8.8% from the first half of 2017 and by approximately 7.6% from the same period of the previous year.

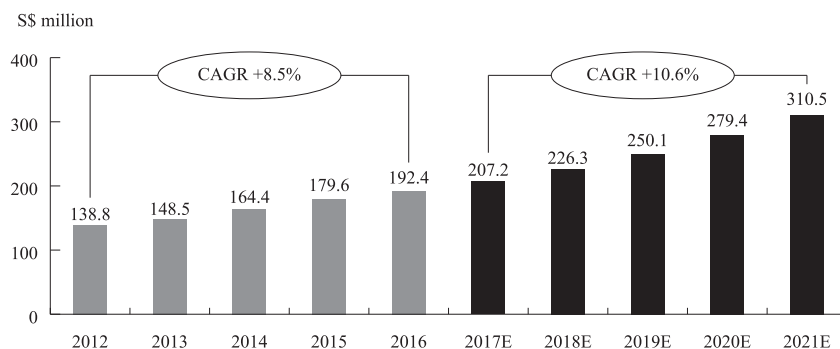
It was stated in the press release by Urban Redevelopment Authority that there could be a need to inject a larger supply of residential sites through the GLS Programme to ensure that there is an adequate pipeline supply of new private housing units to meet the needs of the population in Singapore. According to the press release of the Urban Redevelopment Authority and Frost & Sullivan analysis, the prospective increasing land supply for private residential properties would help to drive the development of the M&E industry.

(ii) *Increasing upgrading demand*

There are two stages that M&E services are needed for a private residential property including the building construction stage and the renovation stage for old private residential properties, which account for approximately 78.6% and 21.4% of the M&E market size by revenue in Singapore in 2016 respectively.

According to the Frost & Sullivan Report, approximately 1% to 2% of the total occupied private residential properties in Singapore require renovation per year. Spending of M&E services accounted for approximately 10% to 15% of the total spending of the renovation of old private residential properties in 2016. The abovementioned percentage is expected to increase to approximately 15% to 20% by 2021 due to increasing demand for the better M&E performances of their houses such as better air-conditioning and mechanical ventilation systems, safer fire protection systems and more efficient lighting control systems, which would increase the complexity of M&E work and the spending on M&E services accordingly. Hence, the demand for M&E services in the renovation process would drive the demand and growth of the M&E industry.

**Market size by revenue of M&E industry —
Private residential sector (Singapore), 2012–2021E**



Note: The revenue of M&E industry in private residential sector excludes revenue from the mixed residential and commercial sector

Source: Frost & Sullivan Report

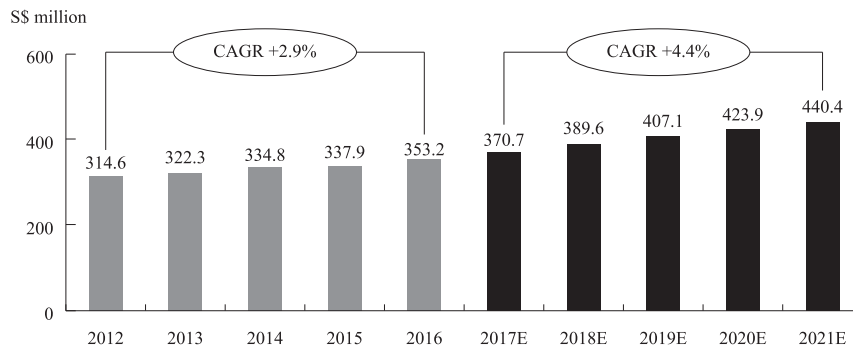
INDUSTRY OVERVIEW

Market size of M&E industry — Commercial and industrial sector

With the development of Singapore's tourism industry, the number of visitor arrivals increased rapidly in the past few years and reached approximately 16.4 million in 2016. The increasing number of visitors stimulates the demand for A&A works for commercial buildings, including retail buildings, hotels, restaurants, etc. Usually, major A&A works involve the redesign of existing M&E systems, the installation and maintenance of M&E systems and hence bringing about substantial business opportunities for M&E contractors. According to the Frost & Sullivan Report, the market size by revenue of M&E industry for commercial and industrial sector has reached approximately S\$353.2 million in 2016, rising from approximately S\$314.6 million in 2012, at a CAGR of approximately 2.9%.

As the Singapore government has announced a further investment of S\$700 million to support the development of tourism industry, the number of visitor arrivals will experience a continuous growth in the next few years, leading to sustained demand for M&E industry from commercial and industrial sector. The market size by revenue of M&E industry for commercial and industrial sector is expected to further grow to approximately S\$440.4 million in 2021, at a CAGR of approximately 4.4% from 2017 to 2021. The forecasted CAGR of approximately 4.4% for the commercial and industrial sector in the M&E industry during the period from 2017 to 2021 is mainly due to the projected growth in the overall construction market size for this sector driven by the factors described above. According to the Frost & Sullivan Report, the public construction market size by revenue for such sector reached approximately S\$8,142.7 million in 2016, at a CAGR of approximately 1.8% from 2012, and is expected to amount to approximately S\$9,379.9 million by 2021, at a CAGR of approximately 3.0% from 2017. The M&E market size for commercial and industrial sector accounted for approximately 4.3% of the total construction market size for this sector in 2016 and it is estimated that, in 2021, the M&E market size for commercial and industrial sector will account for approximately 4.7% of the total construction market size for this sector.

**Market size by revenue of M&E industry —
Public and private commercial and industrial sector (Singapore), 2012–2021E**



Note: The revenue of M&E industry in commercial and industrial sector excludes revenue from the mixed residential and commercial sector

Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

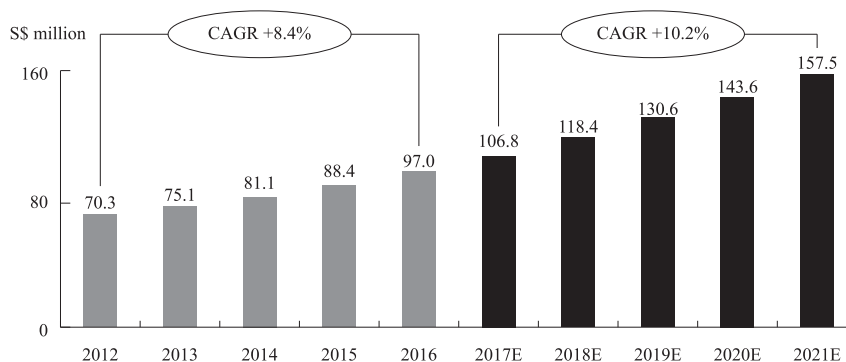
Market size of M&E industry — Mixed residential and commercial sector

In recent years, mixed developments, which encompass both commercial and residential units in a single complex, have become increasingly popular in Singapore, as the fast growing population in land-scarce Singapore has resulted in a surge in demand for residential properties and amenities. According to the Frost & Sullivan Report, the market size by revenue of M&E industry for mixed residential and commercial sector has reached approximately S\$97.0 million in 2016, rising from approximately S\$70.3 million in 2012, at a CAGR of approximately 8.4%.

As revealed by the 2015 Blueprint published by the Ministry of National Development, Singapore government will facilitate more mixed-use developments in housing estates and regional centres to provide greater convenience to residents. Therefore, the M&E services for mixed residential and commercial sector will benefit from the thriving of mixed residential and commercial developments in Singapore. The market size by revenue of M&E industry for the mixed residential and commercial sector is expected to further grow to approximately S\$157.5 million in 2021, at a CAGR of approximately 10.2% from 2017 to 2021.

The forecasted CAGR of approximately 10.2% for the mixed residential and commercial sector in the M&E industry during the period from 2017 to 2021 is mainly due to the projected growth in the overall construction market size for this sector drive by the factors described above. According to the Frost & Sullivan Report, the public construction market size by revenue for such sector reached approximately S\$2,162.6 million in 2016, at a CAGR of approximately 5.2% from 2012, and is expected to amount to approximately S\$3,123.3 million by 2021, at a CAGR of approximately 7.7% from 2017. The M&E market size for mixed residential and commercial sector accounted for approximately 4.5% of the total construction market size for this sector in 2016 and it is estimated that, in 2021, the M&E market size for mixed residential and commercial sector will account for approximately 5.0% of the total construction market size for this sector.

Market size by revenue of M&E industry — Public and private mixed residential and commercial sector (Singapore), 2012–2021E



Source: Frost & Sullivan Report

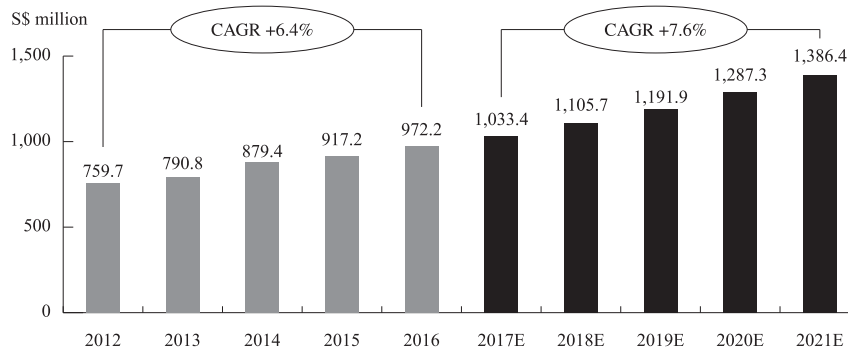
INDUSTRY OVERVIEW

Market size of M&E industry — Public residential and infrastructure sector

The public residential properties and infrastructure in Singapore comprise housing properties including HDB flats and executive condominiums; and infrastructure constructions including transportation and communication construction, educational and healthcare institution buildings, etc.. To improve residents' living standard and increase resident home-ownership rate, Singapore government has made a series of efforts, including investing more in infrastructure and providing affordable public housing properties in the market. In 2016, the number of executive condominiums has reached 21,917 units and the number of HDB flats has surpassed 1 million.

According to the Frost & Sullivan Report, with the development of infrastructure and the increasing number of public housing properties, the M&E industry for public residential and infrastructure sector has experienced a rapid growth and the market size by revenue increased from approximately S\$759.7 million in 2012 to approximately S\$972.2 million in 2016, representing a CAGR of approximately 6.4%. It is expected that the market size by revenue of M&E industry in public residential and infrastructure sector will experience a further growth and amount to approximately S\$1,386.4 million in 2021, registering a CAGR of approximately 7.6% from 2017 to 2021.

**Market size by revenue of M&E industry —
Public residential and infrastructure sector (Singapore), 2012–2021E**



Source: Frost & Sullivan Report

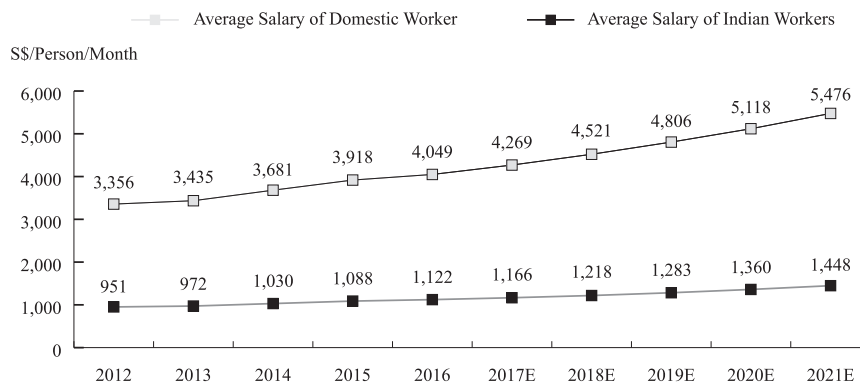
Average monthly salary of workers in M&E industry

Due to labour shortage, domestic workers in Singapore require higher salary than foreign workers who are from developing areas, such as Southeast Asia. According to the Frost & Sullivan Report, the average monthly salary of domestic workers in Singapore's M&E industry remains at a high level, increasing from approximately S\$3,356 per person/month in 2012 to approximately S\$4,049 per person/month. With the sustained growth of Singapore economy and the development of M&E industry, the average monthly salary of domestic workers in Singapore's M&E industry is expected to experience a further increase and amount to approximately S\$5,476 per person/month in 2021.

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It is quite common for the M&E service providers in Singapore to provide self-owned dormitory for foreign workers as this could maintain a high working morale of the workforce as well as save operational costs as compared with accommodating the foreign workforce with rented third-party dormitory. To achieve better cost control, service providers in Singapore M&E industry are willing to employ foreign workers from developing countries, especially workers from India, who require much lower salary than domestic workers. In 2016, the average monthly salary of Indian workers in M&E industry was approximately S\$1,122 per person/month, a level which was only 1/4 of the average monthly salary of domestic workers. With the development of M&E industry in Singapore, the average monthly salary of Indian workers in Singapore's M&E industry is projected to witness a further increase to approximately S\$1,448 per person/month in 2021.

Average monthly salary of workers in M&E industry (Singapore), 2012–2021E



Source: Frost & Sullivan Report

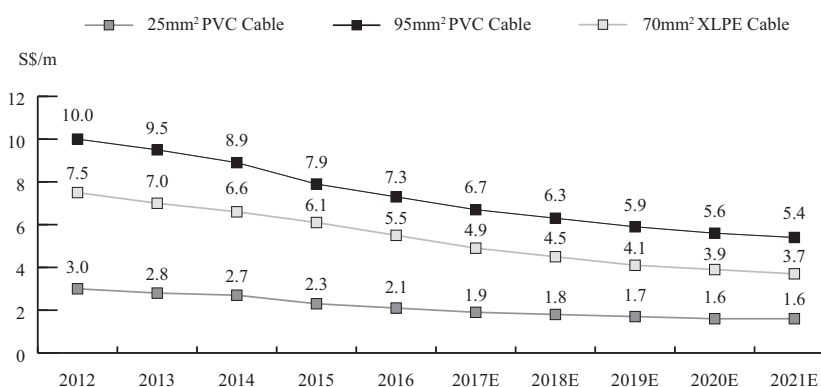
Raw material analysis — Cable

Cable, as one of the major consumables used in M&E industry, whose price largely depends on the price of base raw materials, such as copper, aluminum, rubber, plastics, etc. Due to the overcapacity of the industry, the prices of base raw materials have declined considerably, and further dragged down the average price of cable in the past five years. 25mm² PVC cable, one of major types of cable in Singapore, its price has decreased from S\$3.0 per metre in 2012 to S\$2.1 per metre in 2016. Also, the average price of 95mm² PVC cable and 70mm² XLPE cable declined to S\$7.3 per metre and S\$5.5 per meter in 2016, respectively.

Moreover, with the decrease in the price of crude oil, the cost of refined copper and refined aluminum have declined as well, which further caused the decrease in copper and aluminum prices. The same applies to the prices of main types of plastics including polyvinyl chloride (PVC) and cross linked polyethylene (XLPE). It is expected that the average prices of cable will continue their downward trends in the next few years, and the prices of 25mm² PVC cable, 95mm² PVC cable and 70mm² XLPE cable are projected to decrease to S\$1.6 per metre, S\$5.4 per metre and S\$3.7 per metre in 2021, respectively.

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Average price of cable (Singapore), 2012–2021E



Note: 25mm² PVC Cable refers to the cable insulated by polyvinyl chloride (PVC) with a cross-sectional area of 25mm²; 95mm² PVC Cable refers to the cable insulated by polyvinyl chloride (PVC) with a cross-sectional area of 95mm²; 70mm² XLPE Cable refers to the cable insulated by cross linked polyethylene (XLPE) with a cross-sectional area of 70mm².

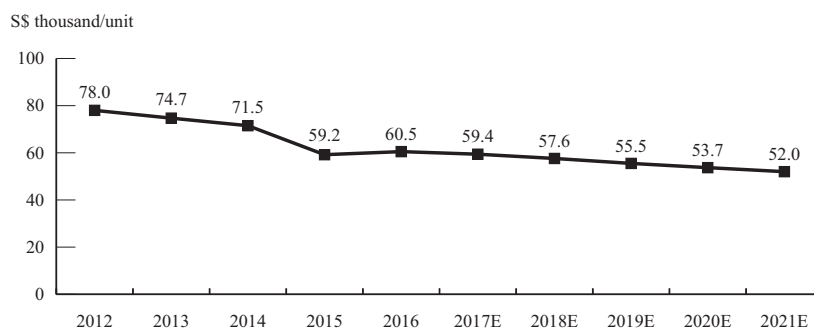
Source: Frost & Sullivan Report

Raw material analysis — Switchboard

Switchboard refers to an electric switchboard directly supplied by the main source of electrical power and intended to distribute electrical energy to the unit's services, and is one of indispensable equipment used in building M&E projects. As switchboards are mainly assembled by steel plates and cables, the price of switchboard largely depends on them. Due to the overproduction of steel products in global market, the price of steel plate have declined considerably in Singapore, and further caused the drop of price of switchboard in the past five years, which decreased from S\$78.0 thousand per unit in 2012 to S\$60.5 thousand per unit in 2016.

In the future, the overcapacity situation of steel industry is likely to last for some time, which leads to the further decline of steel price. Also, the average price of cable is expected to decrease due to the price decline of its base raw materials including copper, aluminum, rubber and plastics. Therefore, the average price of switchboard in Singapore will continue a downward trend and is projected to drop to S\$52.0 thousand per unit in 2021.

Average price of switchboard (Singapore), 2012–2021E



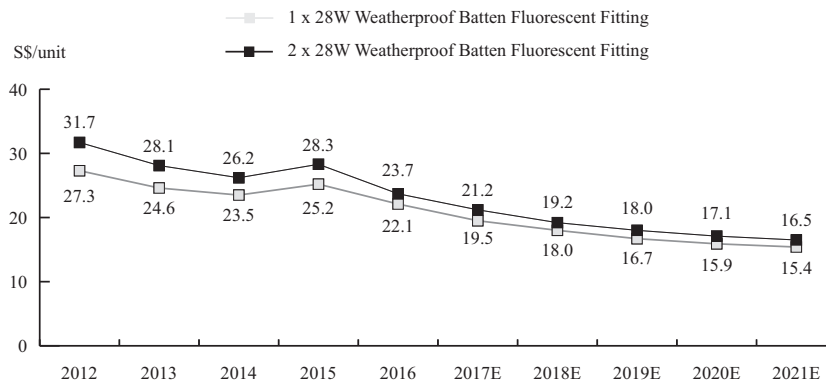
Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Raw material analysis — Lighting supplies

Lighting supplies are an essential part of the electrical system of a building. As one of the major consumables used in M&E industry, the price of lighting supplies largely depends on the price of base raw materials, such as glass, stainless steel, plastics, etc.. With the decrease of the prices of base raw materials, the price of lighting supplies in Singapore has declined in past five years. Specifically, the average price of 1 x 28W weatherproof batten fluorescent fitting dropped from S\$27.3 per unit in 2012 to S\$22.1 per unit in 2016, and the average price of 2 x 28W weatherproof batten fluorescent fitting fell from S\$31.7 per unit in 2012 to S\$23.7 per unit in 2016. In the future, the oversupply of the industries of base raw material abovementioned is likely to cause the further decline in the price of lighting supplies. Specifically, the average prices of 1 x 28W and 2 x 28W weatherproof batten fluorescent fittings are projected to decrease to S\$15.4 per unit and S\$16.5 per unit in 2021, respectively.

Average price of lighting supplies (Singapore), 2012–2021E



Source: Frost & Sullivan Report

Market drivers of the M&E industry in Singapore

Increasing demand for private residential properties

The increasing demand for private residential properties in Singapore has brought sustained demand for M&E industry and will continue to stimulate its development. With the development of Singapore economy, residents are more willing to invest in private residential properties to improve their living standard. Though the government is providing affordable HDB flats in the market, these flats are standardised properties, especially in building structures and could not satisfy customers seeking for more personal and quality living experience. In this case, the demand for private residential properties has increased considerably, accelerating the growth of new private residential properties. The available private residential properties increased from 277,620 units in 2012 to 347,521 units in 2016 and are expected to grow to 447,838 units in 2021. The growth of new private residential properties is expected to further increase the demand for M&E industry in the future.

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Increasing demand for major A&A works

Due to the limitation of land area in Singapore, besides the growth of newly built buildings, the increasing demand for building major A&A services, especially the demand from commercial and industrial properties, such as office buildings, manufacturing facilities, etc. is also a significant development driving force of M&E industry. According to the Frost & Sullivan Report, as the Singapore government has strongly supported the development of tourism industry, the number of visitor arrivals of Singapore grew from approximately 15.2 million in 2015 to approximately 16.4 million in 2016, representing a year-on-year rate of approximately 7.7%. The increasing number of visitor arrivals has prompted the implementation of major A&A works at retail buildings, hotels, restaurants, etc, in order for them to attract more tourists as well as lower the construction costs. Usually these major A&A works involve the redesign and update of existing M&E systems, the installation of new M&E systems, etc., which has brought substantial business opportunities for M&E service providers. As the government has decided to invest S\$700 million to improve the service quality of tourism industry from 2016 to 2020, the number of visitor arrivals will continue to grow in the next few years, which will further stimulate the demand for major A&A services in the market and hence accelerate the development of M&E industry in Singapore.

Government supportive policies

To stimulate the demand for residential properties, the Singapore government has promulgated a series of policies to support population growth. The Baby Bonus Scheme established in 2000 and which has been updated continuously states that each household can get S\$6,000 bonus for the first or second newborn baby and S\$8,000 bonus for the third or fourth newborn baby, which helps parents save the costs of raising babies. Also, the immigration policies in Singapore have been favoring the introduction of highly educated students and talented personnel for a long time. The report from Singapore National Population and Talent Division in 2015 stated that the government aims to introduce from 15,000 to 25,000 populations per year into Singapore. Attributed to the population growth supportive policies, the Singapore population has increased from approximately 5.3 million in 2012 to approximately 5.6 million in 2016, representing a CAGR of approximately 1.4%. In the future, the Singapore population is projected to keep a growing trend, which will boost the demand for residential properties. This provides the basis of positive development of the M&E industry in the future, especially the private residential sector.

Entry barriers

Project track record

Holding a strong project track record is of great importance for M&E service providers in Singapore. An M&E service provider holding a strong project track record is generally considered to have good reputation and capable of providing quality services in the market. As main contractors pay special attention to the engineering techniques and the reputation in the market when selecting subcontractors, they are more willing to establish cooperative relationships with M&E service providers who hold a strong project track record. However, it requires substantial time for M&E service providers, especially the new entrants of the market to enrich their project profiles and establish a strong project track record, which restrains the development of new entrants in the market.

Experienced professionals

Experienced professionals are crucial to ensure the quality and effectiveness of building M&E solutions in Singapore, especially for the design of electrical and mechanical systems. Service providers often demand professionals with comprehensive knowledge and industry know-how about M&E systems, such as electrical systems, security systems, telephone cabling systems, etc. However, these experienced professionals are in short supply and tend to crowd towards large, well-established enterprises offering higher wages and reputation, which deprives new entrants of crucial human capital to compete with existing players.

Relationship with clients

Since M&E service providers usually perform as the subcontractors for main contractors instead of directly contracting with property owners, they have to establish long-term and stable cooperation relationships with main contractors to develop more business opportunities. Other things being equal, main contractors are more willing to select M&E service providers with whom they have cooperated before to ensure the quality of projects, as main contractors could establish better understanding of M&E service providers' engineering techniques, including the design and installation techniques. However, the establishment of such cooperation relationship requires large amounts of time, which poses a barrier for the new entrants of Singapore M&E service industry.

Development trends

Technology upgrading

The continuously upgrading technology plays an important role in the M&E industry, as it helps the main contractors to meet the changing requirements of the construction industry and stay at the forefront of the market.

PPVC

PPVC technology is one of the latest development technologies, which is a construction method whereby free-standing volumetric modules are manufactured and assembled at an off-site location, and then installed in a building on-site. The off-site PPVC technology can shorten the timescale of the building projects; reduce the noise caused by on-site building works, and save labour cost, which accounts for around 30% of the total construction cost, according to the Frost & Sullivan Report. To promote the application of PPVC technology, the BCA has already set the mandatory requirements for adoption of PPVC modular system as a certain percentage of a building construction. M&E contractors who are able to adopt this technology early will broaden their project opportunities.

BIM

BIM (Building Information Modeling) is an intelligent 3D model-based process that equips architecture, engineering, and construction professionals with the insight and tools to more efficiently plan, design, construct, and manage buildings. As for M&E contractors, some potential problems can be tackled with the 3D visualisations by using 3D models of design drawings and working productivity can be improved through this technology. It is expected that the investment in recruitment and retention of BIM specialists will grow. The same applies to the expenses in relation to the hardware and software catering to BIM enhancement.

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Smart Building

Another new-coming concept is “Smart Building” which provides more functionality in meeting the developing demand of building owners, who has been raising complex requirements on the design and installation of M&E systems. These construction projects require the M&E solution contractors to develop their Design and Build capability to fulfill various functions, including connecting smart grid power, connecting sophisticated information control systems, minimising energy cost, and mitigating environmental impact.

Industry consolidation

The M&E industry is highly fragmented with more than 1,000 contractors who are registered under the ME05 “Electrical engineering” workhead as at Latest Practicable Date. A contractor who can own more resources and develop core competence is more likely to stand out in the market. Thus, many contractors will try to expand their internal resources in relation to works which they have subcontracted. Meanwhile, it is expected that the merger and acquisition activities will become more active in the M&E industry in the future. The companies’ combination may happen not only between the competitors, but also from upstream and downstream through the industry value chain.

Overseas expansion

Singapore’s construction industry are recognised internationally for their high standards of quality construction and Singapore consultancy firms also continued to thrive in overseas market, especially in Asian countries. According to the BCA’s Construction Expert Survey 2016, the number of overseas projects secured by Singapore contractors and consultants nearly doubled in 2015, from 152 projects in 2014 to 282 projects in 2015, and approximately 10% of the overseas consultancy services were in relation to M&E engineering designs, mainly for mixed developments and residential developments. It is expected that the reputable service provided by Singapore contractors will attract more overseas demand and the contractors will also seek global opportunities in M&E industry to promote their reputation and strengthen their project track records.

Diversified project profiles

There are different building projects for Singapore’s M&E industry, such as the private residential, institutional, commercial and industrial, and public residential and infrastructure projects. A diversified project profile can help accumulate project track record and experience, as well as establish cooperation relationships with different parties. Expanding project portfolio can build a strong project track record which can serve to diversify risks related to slower growth in a particular segment of the construction industry and expand the project opportunities, which require recruiting staff with varied expertise and purchasing machinery and equipment to support the diversified project profiles. Therefore, it is expected that more contractors will take on M&E projects for more varied types of building development so as to strengthen their market positions.

Developing challenges

Fluctuation in raw material prices

The major consumables used in M&E industry include wires, cables, conduits, cable trays, switch boards, etc., the prices of which are largely dependent on the prices of base raw materials, such as metals and alloys. The price of commodities, such as aluminum, copper, platinum, etc. could experience unexpected fluctuation, which could possibly hinder the planning, procurement and inventory decisions thereby adversely affecting the financial performance of M&E service providers in the market.

Stringent regulatory environment

The construction industry, including M&E industry in Singapore is regulated by BCA and various other regulatory institutions, such as National Environment Agency and Energy Market Authority. These regulatory bodies stipulate the criteria that must be satisfied before permits and licenses are granted to, and/or renewed. The industry criteria have been updated with the development of the construction and the M&E industry. The compliance with such a strict regulatory regime requires the market players to be equipped with proven qualifications to stay competitive in the market.

Shortage of labour

Employing experienced foreign workers is the key to helping M&E service providers achieve effective cost control. As the average monthly salary of foreign workers, especially Indian workers accounts for only 30% to 40% of those of domestic workers, M&E service providers prefer to employ Indian workers to lower their labour cost. However, to lower the domestic unemployment rate, the Singapore government has adopted a series of methods to reduce the number of foreign workers and encourage enterprises to employ more domestic workers, such as reducing the quota of foreign workers. These policies have led to a manpower shortage in Singapore's M&E industry and will further exacerbate the shortage of labour, especially the shortage of foreign labour in the foreseeable future.

Other challenges

Different construction schedule will pose different challenges, as more man hours are required during certain stages of construction and such additional hours are not chargeable to our customers in our fixed sum contracts. Other challenges could come from the architectural designs of building developments such as a building development that has several basement floors will pose a greater challenge as the servicing of various M&E systems located underground have to be taken into account as some of these have to be moved off-site for maintenance. The design and installations therefore have to take into account the future servicing of these M&E systems.

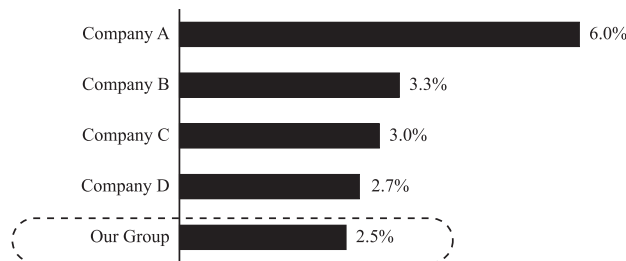
INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE ANALYSIS

Top 5 M&E service providers in Singapore

The market of Singapore's M&E industry is highly fragmented with over 1,000 contractors registered under the workhead ME05 "Electrical engineering". The total market size by revenue of Singapore's M&E industry reached approximately S\$1,614.8 million in 2016 and the top five players account for approximately 17.5% of the total revenues of the M&E industry in Singapore. Among all the players, our Group ranked fifth with a market share of approximately 2.5% in 2016.

Top 5 M&E service providers by revenue (Singapore), 2016

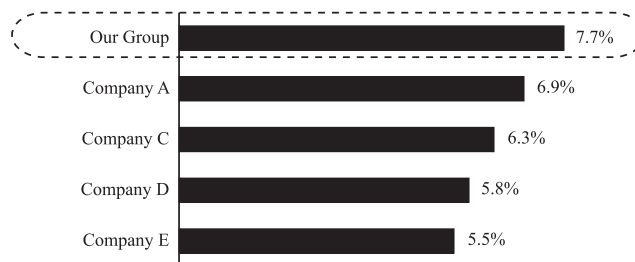


Source: Frost & Sullivan Report

Top 5 M&E service providers in private residential sector in Singapore

The M&E industry for private residential sector is relatively centralised. Total market size by revenue of M&E industry for private residential sector reached approximately S\$192.4 million in 2016 and the top five players accounted for approximately 32.2% of the total revenue of the M&E industry for private residential sector in Singapore. Among all the players, our Group ranked first with a market share of approximately 7.7% in 2016.

Top 5 M&E service providers by revenue in private residential sector (Singapore), 2016



Source: Frost & Sullivan Report

Note: For the sub market segments of the M&E industry in Singapore, the ranking of private residential sector is illustrated because private residential M&E market is our Group's business focus.

INDUSTRY OVERVIEW

The following table sets forth the background of the top M&E service providers in Singapore:

Name of M&E service providers	Listed or private entity	As a member under a listed company or not	Geographic coverage	Downstream industry segments	Main service/products
Company A	Private	Yes	Singapore, China and Thailand	<ul style="list-style-type: none"> ● Residential Property ● Commercial and Industrial Property ● Institutions 	Specialise in the installation service related to: <ul style="list-style-type: none"> ● Integrated Building Services, Plumbing and Sanitary System ● Communications and Security System ● Underground Pipeline Communication System ● Civil Engineering, Repair & Redecoration
Company B	Private	Yes	Principally Singapore	<ul style="list-style-type: none"> ● Public Residential Property ● Institutions 	Specialise in the installation of air-conditioning and mechanical ventilation system, and integrated building services
Company C	Private	No	Principally Singapore	<ul style="list-style-type: none"> ● Commercial and Industrial Property ● Private Residential Property ● Public Residential Property ● Infrastructure ● Institutions 	Specialise in the installation service related to: <ul style="list-style-type: none"> ● Electrical Engineering ● Extra Low Voltage System ● Air-conditioning and Mechanical Ventilation System ● Fire Protection System ● Energy Efficiency System ● Integrated Facilities Management

INDUSTRY OVERVIEW

Name of M&E service providers	Listed or private entity	As a member under a listed company or not	Geographic coverage	Downstream industry segments	Main service/products
Company D	Private	No	Principally Singapore	<ul style="list-style-type: none"> ● Commercial and Industrial Property ● Infrastructure ● Residential Property ● Public Property 	Specialise in the installation service related to: <ul style="list-style-type: none"> ● Air-conditioning and Mechanical Ventilation System ● Electrical Systems (High Tension & Low Tension) ● Extra Low Voltage System ● Fire Protection System ● IT Infrastructure and Communications System
Company E	Private	No	Singapore	<ul style="list-style-type: none"> ● Private Residential Property 	Specialize in the Installation service related to <ul style="list-style-type: none"> ● Electrical Engineering ● Plumbing & Sanitary System ● Mechanical Engineering ● Plumbing System ● Integrated Building Services

The top 5 M&E service providers are all Singapore domestic companies. Company A is a private company that specialises in the installation service related to integrated building services, plumbing and sanitary systems and underground pipeline communication systems for residential property, commercial and industrial property and institutions. Company B is a private company that specialises in the installation of air-conditioning and mechanical ventilation insulation for public residential property and institutions. Company C is a private company and its main services include the installation of ELV system, air-conditioning and mechanical ventilation system and integrated facilities management for commercial and industrial property, private residential property, public residential property, infrastructure upgrading and institutions. Company D is a private company and its services cover the installation of ELV systems, fire protection systems, IT infrastructure and communications systems and plumbing system for commercial and industrial property, infrastructure, residential property and public property. Company E is a private company that specialises in serving as electrical engineering contractor, mechanical engineering contractor and plumbing system contractor for private residential property.

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Competitive advantage of our Group

Strong track record

Our Group has established a strong track record and project portfolio in the market. As a subcontractor, we have provided a variety of M&E services for main contractors in the past 25 years, including M&E services for private residential, mixed residential and commercial developments, institutional and industrial buildings. During the Track Record Period, we had undertaken five projects, each with contract value of more than S\$10 million. Among the 20 completed projects during the Track Record Period, nine were Design and Build projects and one had M&E systems installed off-site on PPVC modules.

Extensive experience in the industry

Our Group is capable of fully understanding the requirement of projects and foreseeing the possible challenges to achieve successful project execution. With the extensive experience in the industry, we could propose appropriate solutions to address the challenges brought by different construction schedules. Our Group has an experienced team, which allows us to achieve better cost control and time management. Moreover, we have established long-term cooperation with suppliers.

Design and Building capability

Our Group has established a professional design team and is capable of providing design of all electrical systems for clients to ensure the functionality and connectedness of M&E systems. The design capability allows us to tender for a wide range of projects and better understand the requirements of a tender as well as improve operational efficiency.

Strong safety and quality record

Our Group pays special attention to quality control and employee safety and health, and has been accredited with ISO 9001:2008, OHSAS 18001:2007 and bizSAFE certifications for the scope of design and build works as well as installation works. Moreover, our Group has secured two projects where we performed off-site on PPVC modules, helping to reduce the time of working on-site and working-at-height of employees, further improving the safety of employees.

Please refer to the paragraph headed “Competitive strengths” under the section headed “Business” in this prospectus for further details of our competitive strengths.

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The following is a summary of the main laws and regulations of Singapore that are material to our business as at the Latest Practicable Date.

LICENSING REGIME FOR CONTRACTORS IN SINGAPORE

Overview

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the Singapore's public sector, registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tendering for projects in the Singapore's public sector. At present, there are seven major categories of registration which may be further sub-classified into six to seven grades, depending on the category of registration. The differences in BCA gradings relate to the tendering limits for Singapore public sector projects.

Contractors Registration System

Registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tendering for projects in the Singapore's public sector. As at the Latest Practicable Date, there are seven major categories of registration under the Contractors Registration System and they are namely:

- (i) Construction Workhead (CW);
- (ii) Construction-Related Workhead (CR);
- (iii) Mechanical and Electrical Workhead (ME);
- (iv) Maintenance Workhead (MW);
- (v) Trade Head (TR);
- (vi) Regulatory Workhead (RW); and
- (vii) Supply Head (SY).

Under these seven major categories, there is a further sub-classification into a total of 63 workheads. Each major category of registration under the Contractors' Registration System is also subject to six to seven financial grades. In order to qualify for a particular grade, companies must satisfy, *inter alia*, the respective grade requirements in terms of:

- (i) financial capability (valid audited accounts, paid-up capital, net worth, etc);
- (ii) relevant technical personnel (full-time employed, recognised professional, technical qualification, valid licenses, etc);

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(iii) management certifications (Singapore Accreditation Council Accredited ISO 9000, ISO 14000, OHSAS 18001, etc); and

(iv) track record (valid projects with documentation proof, endorsed and assessed by clients).

The following table sets out the current registration of the Company, as at the Latest Practicable Date, under the different workheads in the Contractors Registration System.

Workheads	Title	Scope of Work	Grade	Expiry Date
CR07	Cable/Pipe Laying & Road Reinstatement	Installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services.	L1	1 September 2019
ME01	Air-Conditioning, Refrigeration & Ventilation Works	The installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems.	L3	1 September 2019
ME02	Building Automation, Industrial & Process Control Systems	Installation and maintenance of microprocessor or computer based building control systems (e.g. integrated environmental control, fire and security computer control system), industrial process control systems.	L1	1 September 2019
ME04	Communication & Security Systems	(a) Installation and maintenance of communications system (e.g. intercom & wireless radio) and security systems (e.g. CCTV, security alarm, car park security control and card access system). (b) Installation and maintenance of Central Antenna Television (CATV) systems.	L4	1 September 2019
ME05	Electrical Engineering	The installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations (e.g. lightings) in building and marine vessels.	L6	1 September 2019
ME06	Fire Prevention & Protection Systems	Installation and maintenance of fire alarm, prevention and protection systems. This head may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract.	L2	1 September 2019

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Workheads	Title	Scope of Work	Grade	Expiry Date
ME08 ⁽¹⁾	Internal Telephone Wiring for Telecommunications	Wiring work within a building for telecommunications purposes.	L1	1 September 2019
ME15	Integrated Building Services	The installation, commissioning, maintenance and repairs of building services, which include some or all of the following: air-conditioning, refrigeration and ventilation works, building automation, industrial and process control systems, communication and security systems, electrical engineering, fire prevention and protection systems, internal telephone wiring for telecommunications, mechanical engineering, and plumbing and sanitary works.	L5	1 September 2019

Note:

- (1) For registration under workhead ME08, firms must possess a valid telecommunication wiring contractor's licence issued by the IMDA (please refer to the sub-paragraph headed "Telecommunication wiring" below).

Tendering limits for different grades under the Contractors Registration System

The tendering limit for projects in the public sector is determined by one's qualified grade under the Contractors Registration System. Such tendering limit for each respective grade is valid for one year from 1 July to 30 June. Depending on the economy driving the construction industry in Singapore, such tendering limit may be adjusted every year.

Currently, the tendering limits for the CR and ME workheads are as follows:

Grades	Single Grade	L6	L5	L4	L3	L2	L1
Tendering Limit (\$ million)	unlimited	unlimited	13	6.5	4	1.3	0.65

Registration and retention requirements

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 BCA.

In order to apply for, maintain and renew the registrations under the Contractors Registration System, there are different requirements to be complied with for different grades, including but not limited to, requirements relating to minimum paid up capital and net worth, employment of certain

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personnel with prescribed qualifications, and track record of past and current projects. Such requirements are subject to change from time to time at BCA's discretion, and contractors registered under the Contractors Registration System are required to comply with such amended requirements within the timeframes stipulated by BCA.

Some of the specific requirements to be complied with as at the Latest Practicable Date are as follows:

Construction Related Workhead			Requirements			
Workheads	Title	Grade	Minimum Paid-Up Capital & Minimum Net Worth (\$)	Track Record (completed projects in the past three years in all cases) ⁽¹⁾ (\$)	Personnel – Management & Development ^{(2), (3)}	Licence Requirements
CR07	Cable/Pipe Laying & Road Reinstatement	L1	10,000	100,000	One (1) T with BCCPE	–

Notes:

- (1) On-going projects are acceptable for renewal, L1 and Single Grade.
- (2) “RP” shall mean a minimum professional qualification with a degree in Civil/Structural Engineering recognized by the Professional Engineers Board of Singapore or equivalent qualifications approved by the BCA. “P” shall mean a minimum professional qualification with a recognised degree in Architecture, Building, Civil/Structural, Mechanical or Electrical Engineering or equivalent qualifications approved by the BCA. “T” shall mean a minimum technical qualification with a polytechnic diploma in Architecture, Building, Civil/Structural Mechanical, Electrical Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.
- (3) “BCCPE” shall mean Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) awarded pursuant to the attendance of a half-day course conducted by the BCA Academy. If the registered contractor's existing technical personnel possessing BCCPE resigns, the registered contractor is required to ensure, within 3 months of such resignation, that it has in its employment a full-time relevant technical personnel with BCCPE. A director with BCCPE (Certificate of Attendance) is acceptable for one company only (for L1-L5 including CR14-L6).

Mechanical & Electrical Workhead			Requirements			
Workheads	Title	Grade	Minimum Paid-Up Capital & Minimum Net Worth (\$)	Track Record (completed projects in the past three years in all cases) ⁽¹⁾ (\$)	Personnel – Management & Development ^{(2), (3)}	Certification
ME01	Air-Conditioning, Refrigeration & Ventilation Works	L3	150,000	3.0 million	Two T, at least one RP/P/T with BCCPE	bizSAFE Level 3/OHSAS 18001
ME02	Building Automation, Industrial & Process Control Systems	L1	10,000	100,000	One T, at least one RP/P/T with BCCPE	–

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Mechanical & Electrical Workhead			Requirements			
Workheads	Title	Grade	Minimum Paid-Up Capital & Minimum Net Worth (S\$)	Track Record (completed projects in the past three years in all cases) ⁽¹⁾ (S\$)	Personnel – Management & Development ^{(2), (3)}	Certification
ME04	Communication & Security Systems	L4	250,000	5.0 million (of which 500,000 was from a single completed main contract or sub-contract)	Two T, one with at least five years of relevant experience, at least one RP/P/T with BCCPE	–
ME05	Electrical Engineering	L6	1.5 million	30.0 million (of which 7.5 million, 3.0 million and 3.0 million were from completed projects executed in Singapore, completed main contracts (nominated sub-contracts may be included) and a single completed main contract or sub-contract respectively)	Two RP/P, both with at least five years of relevant experience, at least one RP/P with SDCP/CCPP ⁽⁴⁾	bizSAFE Level 3/OHSAS 18001
ME06	Fire Prevention & Protection Systems	L2	50,000	1.0 million	One T with three years of relevant experience, at least one RP/P/T with BCCPE	bizSAFE Level 3/OHSAS 18001
ME08	Internal Telephone Wiring for Telecommunications	L1	10,000	100,000	One T, at least one RP/P/T with BCCPE	–
ME15	Integrated Building Services	L5	500,000	10.0 million (of which 1.0 million was from a single completed main contract or sub-contract)	One RP/P or two T, one with at least eight years of relevant experience, at least one RP/P/T with BCCPE	–

Notes:

- (1) On-going projects are acceptable for renewal and L1.
- (2) “RP” shall mean a minimum professional qualification with a degree in Mechanical or Electrical/Electronics Engineering recognized by the Professional Engineers Board of Singapore or equivalent qualifications approved by the BCA. “P” shall mean a professional qualification with a recognised degree in Mechanical or Electrical/Electronics Engineering or equivalent. “T” shall mean a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic,

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Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time. For ME08, a NTC2 in electrical trade can also be considered “T” for L1–L5.

- (3) “CCPP” shall mean a Certified Construction Productivity Professional. “BCCPE” shall mean Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) awarded pursuant to the attendance of a half-day course conducted by the BCA Academy. If the registered contractor’s existing technical personnel possessing BCCPE resigns, the registered contractor is required to ensure, within 3 months of such resignation, that it has in its employment a full-time relevant technical personnel with BCCPE. BCCPE will not be required if one of the registered contractor’s RP/P/T has obtained CCPM, being the Certificate Course in Construction Productivity Management conducted by BCA Academy. A director with BCCPE (Certificate of Attendance) is acceptable for one company only (for L1–L5 including ME07–L6 and ME13–L6). “SDCP” shall mean Specialist Diploma in Construction Productivity conducted by the BCA Academy (for all L6 except ME07 and ME13).
- (4) SDCP replaces the previous requirement for L6 contractors for ME workheads to have at least one full-time professional and technical personnel to obtain CCPM. The effective date for L6 contractors for ME workheads (except ME07 and ME13) to have either registered for or obtained SDCP/CCPP will be their next CRS renewal after 1 January 2017.

Additionally, specifically for workhead ME15 (Integrated Building Services), firms must be registered at L2 and above under ME01 and ME05 and at least one other ME workhead registered in ME02, ME04, ME06, ME08, ME11 or ME12. Registration grade will be pegged at the higher grade of the compulsory workheads (i.e. ME01 and ME05) subject to a maximum of two grades higher than that of the lower workhead. The lowest registration grade shall be L2. Firms must also possess a valid telecommunication wiring contractor’s licence issued by the IMDA (please see the sub-paragraph headed “Telecommunication wiring” below).

An illustration of how the applicable grade for ME15 is computed and the additional personnel requirements are set out below:

Grade for ME15	Workhead requirements	Personnel requirements⁽¹⁾
L6	ME01 = L6, ME05 ≥ L4 and one other workhead (registered in ME02, ME04, ME06, ME08, ME11 or ME12) ≥ 2	Two P, both with at least five years of relevant experience, one of whom must hold a MEC ⁽²⁾
	OR	OR
	ME01 ≥ L4, ME05 = L6 and one other workhead (either ME04, ME06, ME08 or ME12) ≥ 2	Two P, both with at least five years of relevant experience, and one holding a MEC

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Grade for ME15	Workhead requirements	Personnel requirements⁽¹⁾
L5	ME01 ≥ L5, ME05 ≥ L3 and one other workhead (registered in ME02, ME04, ME06, ME08, ME11 or ME12) ≥ 2	One P who also holds a MEC or one P and one MEC holder
	OR	OR
	ME01 ≥ L3, ME05 ≥ L5 and one other workhead (registered in ME02, ME04, ME06, ME08, ME11 or ME12) ≥ 2	Two T, one of whom must have at least eight years of relevant experience and either one holding a MEC

Notes:

- (1) “P” shall mean a professional qualification with a recognised degree in Mechanical or Electrical/Electronics Engineering or equivalent. “T” shall mean a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.
- (2) “MEC” refers to a full time personnel with either one of the following qualifications: (a) Specialist Diploma in M&E Coordination or Diploma in Mechanical Engineering (Green Building Technology) awarded by the BCA Academy; (b) Diploma in Building Services Engineering awarded by Ngee Ann Polytechnic; or (c) Diploma in Green Building & Sustainability awarded by Temasek Polytechnic.

Telecommunication wiring

Pursuant to the Telecommunications (Internal Wiring) Regulations 2005 of Singapore, any person who intends to provide installation, maintenance or repair of any internal telecommunication wiring work connected to the public switch telephone network of Singapore would be required to have (if a business, limited liability partnership or company) a Telecommunication Wiring Contractor’s (Class) Licence; or (if an individual) a Telecommunication Wiring Installer’s Licence. These licences are required to perform internal telecommunication wiring work. A business, limited liability partnership or company shall be deemed to have been granted a Telecommunication Wiring Contractor’s (Class) licence if it has (a) registered with the IMDA; (b) submitted to the IMDA upon registration the required information as detailed in the online registration form; and (c) paid to IMDA the requisite one-time payment.

To register for a Telecommunication Wiring Contractor’s (Class) licence, a business, limited liability partnership or company must be registered with ACRA and must employ at least one licensed telecommunication wiring installer.

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The Company has a Telecommunication Wiring Contractor's (Class) licence issued on 19 August 2002. Such licence is also one of the requirements under the ME08 and ME15 – Grade L5 registrations.

Electrical works

The carrying out of electrical works on electrical installations is governed under the Electricity Act (Cap. 89A) of Singapore (“**Electricity Act**”).

An electrical installation means any appliance, wire, fitting or other apparatus placed in, on, over or under any premises and used for or for purposes incidental to the conveyance, control or use of electricity supplied or intended to be supplied by an electricity licensee or any other person. Electrical work means any work performed or carried out on any electrical installation, and includes the installing, constructing, erecting or repairing thereof or the altering of the structure thereof or the replacing of any part thereof or the adding of any part thereof or the carrying out of any work thereon for the maintenance thereof.

The Electricity Act provides, *inter alia*, that no person shall engage in, carry out or cause to be carried out any electrical work, unless he holds a valid electricity licence granted by the EMA under the Electricity Act (“**Electrician Licence**”) or is exempted under the Electricity Act.

The EMA issues licences to electrical workers who are qualified to work on electrical installations.

An Electrician Licence entitles the holder to carry out the following electrical work:

- (i) design, install, repair, maintain, operate, inspect and test an electrical/supply installation where the operating voltage of such installation does not exceed 1,000 volts (V) and the approved load of such installation does not exceed 45 kVA;
- (ii) install, repair, maintain and operate, under the supervision of an electrical technician, an electrical/supply installation where the operating voltage of such installation does not exceed 1000 V and the approved load of such installation is more than 45 kVA but does not exceed 500 kVA; and
- (iii) carry out any work as instructed by or under the supervision of an authorised high voltage switching engineer.

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In determining whether to grant an Electrician Licence, the EMA requires applicants to undertake a written assessment test and an interview, whereby the EMA considers, *inter alia*, the relevant experience of the applicant and technical, regulatory and practical knowledge of the applicant in relation to such duties and tasks the applicant may undertake upon the grant of the Electrician Licence. Additionally, the EMA requires that an applicant for an Electrician Licence should possess:

- (i) a National Institute of Technical Education Certificate which curriculum is relevant to the electrical work which an electrician is authorised to perform or such other qualifications as may be acceptable to EMA, and has not less than two years' practical experience in Singapore relevant to the electrical work which an electrician is authorised to perform; or
- (ii) not less than 10 years' practical experience in Singapore relevant to the electrical work which an electrician is authorised to perform.

As at the Latest Practicable Date, we have one full-time employee, namely, Mr. Tay Yong Meng, who possesses an Electrician Licence with licence number 7/083010.

EMPLOYMENT MATTERS

Employment Act

The Employment Act (Cap. 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*, (i) 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 artisan or apprentice (but excluding any seaman or domestic worker); and (ii) 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: (i) workmen earning basic monthly salaries of not more than S\$4,500; and (ii) 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\$4,500 shall be regarded as an employee for the purposes of provisions in the Employment Act except for the provisions of Part IV of 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 a continuous period of 14 days or more in relation to the length of contract.

KETs include, *inter alia*, full names of employer and employee, job title, main duties and responsibilities, start date of employment, duration of employment (if employee is on a fixed-term contract), daily working hours, number of working days per week and rest days, 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

Work passes and permits

Pursuant to the Immigration Act (Cap. 133) of Singapore (“**Immigration Act**”), 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 (as defined below) 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.

A work pass includes the following:

- (i) Employment Pass – for foreign professionals, managers and executives earning at least S\$3,600 per month and who have acceptable qualifications;
- (ii) S Pass – for mid-level skilled staff who earn at least S\$2,200 per month and who meet the assessment criteria; and
- (iii) work permit for foreign worker – for semi-skilled foreign workers in, *inter alia*, the construction sector.

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Employment of Foreign Manpower Act

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Cap. 91A) of Singapore (“**EFMA**”) and the regulations issued pursuant to the EFMA and is regulated by the MOM.

In Singapore, under 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 such provision shall be guilty of an offence and shall:

- (i) 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
- (ii) on a second or subsequent conviction:
 - (a) 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
 - (b) in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

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

- (i) approved source countries;
- (ii) the imposition of security bonds and levies;
- (iii) dependency ceilings based on the ratio of local to foreign workers; and
- (iv) quotas based on the man year entitlements (“**MYE**”) in respect of workers from non-traditional sources such as India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines (“**NTS**”) and the People’s Republic of China (“**PRC**”).

Please refer to the sections headed “Risk factors” and “Business – Employees” in this prospectus for further details.

Approved source countries

The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian sources such as Hong Kong (holders of Hong Kong passports), Macau, South Korea and Taiwan (collectively, “**NAS**”).

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Construction companies must have prior approval (“**PA**”) from the MOM to employ foreign workers from NTS and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS 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 the:

- (i) duration of the work permits applied for;
- (ii) number of full-time local workers employed by the company over the past three months as reflected in the company’s CPF (as defined below) contribution statements;
- (iii) 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) remaining number of company’s quota available.

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

Certificates required before working in Singapore	Source countries
Skills Evaluation Certificate (“ SEC ”) or Skills Evaluation Certificate (Knowledge) (“ SEC(K) ”) ⁽¹⁾	NTS and the PRC; NAS
Sijil Pelajaran Malaysia (“ SPM ”) or its equivalent, the SEC or SEC(K)	Malaysia
Attend and pass the AWSHCS	NTS, NAS, the PRC and Malaysia
Pass medical examination by doctor registered in Singapore	NTS, NAS, the PRC and Malaysia

Note:

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

With respect to NTS and PRC workers, basic-skilled workers (i.e. those holding SEC or SEC(K)) are allowed to work up to a maximum of ten years, while higher-skilled workers (being workers who have been upgraded through various schemes put in place by the MOM and the BCA) are 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.

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

All foreign workers in the construction sector must attend the AWSHCS, a two-day course conducted by various training centres accredited by the MOM and obtain a valid AWSHCS pass. The AWSHCS 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 them 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 AWSHCS must retake the AWSHCS as soon as possible. Employers who fail to ensure that their workers take and pass the AWSHCS will be barred from applying for any new work permits for three months, while the affected workers will have their work permits revoked. Foreign workers must retake and pass the AWSHCS once every two years if they have worked six years or less in Singapore, and once every four years if they have worked more than six years in Singapore.

Security bonds and foreign worker levy

In the construction sector, for each non-Malaysian worker whom a company wants to employ, a security bond of S\$5,000 in the form of a banker's or insurance guarantee is required to be furnished to the Controller of Work Passes. 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.

The employment of foreign workers is also subject to the payment of monthly levies. The levy is a mechanism to regulate the number of foreign workers in Singapore. For the construction sector, employers pay the requisite foreign worker levy according to the qualification of the foreign

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workers employed. The levy rates for 2016 and 2017 which are set out below are subject to changes as and when announced by the Singapore Government.

Worker category	Monthly levy rate (S\$) (effective 1 July 2016)	Monthly levy rate (S\$) (effective 1 July 2017)
Higher-skilled and on MYE ⁽¹⁾ (see below for more details on MYE)	300	300
Basic-skilled and on MYE ⁽¹⁾	650	700
Higher-skilled, experienced and MYE waiver ⁽²⁾	600	600
Basic-skilled, experienced and MYE waiver ⁽²⁾	950	950

Notes:

- (1) MYE is applicable only in respect of foreign workers from NTS and the PRC.
- (2) To qualify for MYE waiver in the construction sector, the foreign workers must have at least three (3) years of working experience in Singapore which is relevant to the construction sector, and contractors must have a valid BCA or Singapore List of Trade Subcontractors (“SLOTS”) registration certification. Contractors must engage only in construction activities.

Employers of foreign workers will have to pay a levy bond for each work permit holder (of S\$600 for each higher-skilled worker and of S\$2,000 for each basic-skilled worker) if, among others, their foreign workers’ work permits have been revoked because of unpaid levies or if they have been late in levy payments for at least three times in a 12-month period. The levy bond monitoring period is usually 12 months, and will be released when this monitoring period expires, subject to the possibility of extension if there are more delays in levy payment.

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 Central Provident Fund contributions made by the employer, the company can employ seven foreign workers. However, the dependency ceiling does not apply to foreign workers holding Employment Passes. Once the company has exceeded its dependency ceiling, new applications and renewals of its foreign workers’ work passes may be rejected. If the company is persistently above its dependency ceiling, MOM will also cancel the company’s excess work passes.

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During the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the dependency ceiling for the construction industry. As at the Latest Practicable Date, we are in compliance with the dependency ceiling for the construction industry as we employ 35 full-time local workers and 225 foreign employees, and are allowed to employ 20 more foreign workers in accordance with the dependency ceiling for the construction industry.

Minimum percentage of higher-skilled workers

From 1 January 2017, at least 10% of a firm's construction work permit holders must be higher-skilled before the firm can hire any new basic-skilled construction workers.

From 1 January 2018, firms that do not meet the 10% threshold will not only be unable to hire new basic-skilled construction workers, but also not be able to renew the work permits of its existing basic-skilled construction workers.

From 1 January 2019, firms that do not meet the 10% threshold will not be able to hire or renew basic-skilled construction workers, and will also have the work permits of any excess basic-skilled construction workers revoked.

During the period from 1 January 2017 to the Latest Practicable Date, at least 10% of our construction work permit holders are higher-skilled. As at the Latest Practicable Date, 46% of our construction work permit holders, being at least 10% of our construction work permit holders, are higher-skilled construction workers.

Man year entitlements

MYE is a work permit allocation system for employment of foreign workers from NTS 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, which can be extended if the completion date of the project is extended. MYE are allocated to a contractor when it applies for PA. For main contractors applying for PA, MYE deductions are made according to the number of foreign workers and type of work permits applied for and approved by the Work Pass Division of the MOM. For a sub-contractor's PA application, the main contractor supplying the MYE must indicate the MYE allocation in the sub-contractor's PA application form. When approved, the main contractor's MYE will be deducted accordingly.

Contractors can apply for MYE waivers to allow them to apply or renew the work permits of experienced foreign workers from NTS and the PRC without the need for MYE. To qualify for MYE waiver in the construction sector, the foreign workers must have at least three years of

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working experience in Singapore which is relevant to the construction sector, and contractors must have a valid BCA or SLOTS registration certification. Such contractors must engage only in construction activities.

During the Track Record Period and up to the Latest Practicable Date, all our work permit holders from NTS and the PRC have been employed in accordance with our MYE allocation. Our Singapore Legal Advisers confirm that nothing has come to its attention that the allocations of MYE by the aforesaid customers to us in the aforesaid projects are not legal and valid under Singapore law.

Work permit conditions

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:

- (i) that the foreign worker performs only those construction activities specified in the conditions;
- (ii) ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- (iii) providing safe working conditions for their foreign workers; and
- (iv) 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 inpatient 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 workers is also subject to, amongst others, the provisions set out in:

- (i) the Employment Act, as discussed above; and
- (ii) the Immigration Act, as discussed above, and the regulations issued pursuant to the Immigration Act.

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Housing of foreign workers

In accordance with the EFMA, employers must ensure that their foreign workers live in proper housing which complies with the various statutory requirements, and provide the workers' residential addresses to MOM. The operation of foreign workers' dormitories has to comply with applicable laws and regulations, including but not limited to, the Building Control Act (Cap. 29) of Singapore, the Control of Vectors and Pesticides Act (Cap. 59) of Singapore, the Environmental Public Health Act (Cap. 95) of Singapore, the Fire Safety Act (Cap. 109A) of Singapore, the Planning Act (Cap. 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 URA grants planning permission for the operation of, *inter alia*, ancillary 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 which can be housed in the workers' dormitory will be subject to the technical requirements of the relevant authorities such as LTA, PUB, NEA 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.

The URA has issued the following grants of written permission (temporary) in relation to the following properties owned by our Group:

- (i) part of the third and fourth storeys of 85 Tagore Lane, Singapore 787527 are permitted to be used as secondary workers' dormitory with occupancy for 74 persons for a period of three years commencing from 6 August 2015; and
- (ii) the third storey of 202 Tagore Lane, Singapore 787591 is permitted to be used as ancillary workers' dormitory with occupancy for 41 persons for a period of three years commencing from 20 April 2016.

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, 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, 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 are dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay

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both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

BUILDING AND CONSTRUCTION INDUSTRY SECURITY OF PAYMENT ACT

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 (defined under the BCISPA as a construction contract or a supply contract, the definitions of which are set out in the subparagraph headed "Payment claims and payment responses" in this section) is entitled to a progress payment. The provisions of the BCISPA shall have effect notwithstanding any provision to the contrary in any contract, and any contractual provision which attempts to exclude, restrict, modify or in any way prejudice the operation of the BCISPA shall be void. A "pay when paid" provision of a contract is unenforceable and has no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISPA also contains provisions relating to, *inter alia*, 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.

Payment claims and payment responses

Where a construction contract (being an agreement under which (i) one party undertakes to carry out construction work, whether including the supply of goods or services or otherwise, for one or more other parties; or (ii) one party undertakes to supply certain prescribed services to one or more other parties) provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates:

- (a) the date as specified in or determined in accordance with the terms of the contract; or
- (b) the date immediately upon the expiry of 35 days after (i) if the claimant is a taxable person under the Goods and Services Tax Act (Cap. 117A) ("**Taxable Person**") who has submitted to the respondent a tax invoice for the progress payment, the date the tax invoice is submitted to the respondent; or (ii) in any other case, the date on which or the period within which the payment response is required to be provided in accordance with the BCISPA (whether or not a payment response is provided).

Where a construction contract does not provide for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable immediately upon the expiry of 14 days after:

- (a) if the claimant is a Taxable Person who has submitted to the respondent a tax invoice for the progress payment, the date the tax invoice is submitted to the respondent; or

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- (b) in any other case, the date on which or the period within which the payment response is required to be provided in accordance with the BCISPA (whether or not a payment response is provided).

Where a supply contract (being an agreement (excluding certain prescribed agreements) under which (i) one party undertakes to supply goods to any other party who is engaged in the business of carrying out construction work or who causes to be carried out construction work; (ii) the supply is for the purpose of construction work carried out or caused to be carried out by the second-mentioned party; and (iii) the first-mentioned party is not required to assemble, construct or install the goods at or on the construction site) provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates:

- (a) the date as specified in or determined in accordance with the terms of the contract; or
- (b) the date immediately upon the expiry of 60 days after the relevant payment claim is served in accordance with the BCISPA.

Where a supply contract does not provide for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable upon the expiry of 30 days after the relevant payment claim is served in accordance with the BCISPA.

A claimant (being the person who is or claims to be entitled to a progress payment) may serve one payment claim in respect of a progress payment according to the provisions in the contract and the BCISPA, stating among others the claimed amount calculated by reference to the period to which the payment claim relates.

A respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) named in a payment claim served in relation to a construction contract shall respond to the payment claim by providing, or causing to be provided, a payment response to the claimant:

- (a) by the date as specified in or determined in accordance with the terms of the construction contract, or within 21 days after the payment claim is served, whichever is the earlier; or
- (b) where the construction contract does not contain such provision, within seven days after the payment claim is served (“**Payment Response Deadline**”).

A payment response provided in relation to a construction contract shall, among others, identify the payment claim to which it relates, state the response amount (being the amount that a respondent proposes to pay to a claimant) (if any), and where the response amount is less than the claimed amount, state the reason for the difference and the reason for any amount withheld.

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A respondent named in a payment claim served in relation to a supply contract may respond to the payment claim by paying to the claimant the claimed amount, or such part of the claimed amount as the respondent agrees to pay, by the due date (being the date on which the progress payment becomes due and payable).

Entitlement to make adjudication applications

A claimant who, in relation to a construction contract, fails to receive payment by the due date of the response amount which he has accepted, is entitled to make an adjudication application in relation to the relevant payment claim. Where, in relation to a construction contract, the claimant disputes a payment response provided by the respondent, or the respondent fails to provide a payment response to the claimant by the Payment Response Deadline, the claimant is entitled to make an adjudication application in relation to the relevant payment claim if, by the end of the dispute settlement period (in relation to a payment claim dispute, being the period of seven days after the Payment Response Deadline), the dispute is not settled or the respondent does not provide the payment response, as the case may be.

A claimant who has served a payment claim in relation to a supply contract is entitled to make an adjudication application in relation to the payment claim if (a) the claimant fails to receive payment by the due date of the claimed amount, or (b) the claimant disputes the response amount, where the response amount is less than the claimed amount.

Adjudication of payment claim disputes

A claimant who is entitled to make an adjudication application may apply for the adjudication of a payment claim dispute by lodging the adjudication application with an authorised nominating body (“ANB”) in accordance with the BCISPA. An adjudication application shall be made within seven days after the entitlement of the claimant to make an adjudication application first arises. The ANB shall, upon receipt of an adjudication application, appoint an adjudicator and serve a copy of the adjudication application on the respondent. A respondent shall, within seven days after receipt of a copy of an adjudication application, lodge with the ANB a response to the adjudication application in accordance with the BCISPA (“**Adjudication Response Period**”). The ANB shall, upon receipt of an adjudication response, serve a copy thereof on the claimant.

An adjudication commences immediately upon the expiry of the Adjudication Response Period. The appointed adjudicator may, among others, conduct the adjudication in such manner as he thinks fit, and the parties to an adjudication shall comply with any requirement made or direction issued by the adjudicator in accordance with the BCISPA. An adjudicator shall determine an adjudication application:

- (a) within seven days after the commencement of the adjudication, if the adjudication relates to a construction contract and the respondent has failed to make a payment response and to lodge an adjudication response by the commencement of the adjudication, or has failed to pay the response amount, which has been accepted by the claimant, by the due date; or

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- (b) in any other case, within 14 days after the commencement of the adjudication or within such longer period as may have been requested by the adjudicator and agreed to by the claimant and the respondent.

An adjudicator shall, in relation to an adjudication application, determine the adjudicated amount (if any) to be paid by the respondent to the claimant, the date on which the adjudicated amount is payable, the interest payable on the adjudicated amount and the proportion of the costs of the adjudication payable by each party to the adjudication. The ANB shall serve a copy of the adjudication determination on the claimant and the respondent.

The adjudicator's decision is binding on the parties to the adjudication and respondent shall pay the adjudicated amount within seven days after the adjudicator's determination is served on the respondent, or by the date on which the adjudicated amount is determined by the adjudicator to be payable (whichever is later). However, the aggrieved respondent may apply for a review of the determination provided the disputed amount exceeds the prescribed limit, and provided that the respondent pays the adjudicated amount to the claimant prior to applying for such a review.

Consequences of not paying adjudicated amount

The claimant has the right to suspend the carrying out of construction work or the 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, *inter alia*, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant.

Where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, 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) has the right to make direct payment of the outstanding amount of the adjudicated amount to the claimant, and thereafter recover such payment from the respondent.

Generally, our contracts with customers contain terms relating to progress payments. For further details, please refer to the paragraph headed "Key contract terms with customers" under section headed "Business" in this prospectus.

WORKPLACE SAFETY AND HEALTH

Under the Workplace Safety and Health Act ("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,

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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.

Additional specific duties imposed by the MOM on employers are laid out in the various regulations subsidiary to the WSHA, including without limitation, the Workplace Safety and Health (Construction) Regulations 2007, Workplace Safety and Health (Scaffolds) Regulations 2011, Workplace Safety and Health (Work at Heights) Regulations 2013 and Workplace Safety and Health (General Provisions) Regulations.

The Workplace Safety and Health (Construction) Regulations 2007 sets out specific duties relating to, *inter alia*, the duty of the occupier of every worksite to appoint a workplace safety and health co-ordinator in respect of every worksite, where the contract sum of the building operation or works of engineering construction carried out therein is less than S\$10 million, to assist in identifying 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.

The Workplace Safety and Health (Scaffolds) Regulations 2011 sets out specific duties on employers relating to, *inter alia*, the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace including, *inter alia*, ensuring that any scaffold shall only be erected or installed under the immediate supervision of an authorised scaffold supervisor, and shall comply with such standards or specifications as prescribed under the said regulations, and ensuring that there are signboards prominently displayed, stating the maximum permissible weight of tools and materials and the maximum number of persons permissible on each bay of the scaffold.

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

Pursuant to the Workplace Safety and Health (General Provisions) Regulations, 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:

- (i) hoists and lifts;
- (ii) lifting gears; and
- (iii) lifting appliances and lifting machines.

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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.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (the “**Commissioner**”) 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 Commissioner may issue a remedial order or 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 Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

A remedial order, if issued, shall, *inter alia*, direct the person served with the order to take such measures, to the satisfaction of the Commissioner to:

- (i) 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;
- (ii) to comply with any duty imposed under the WSHA; or
- (iii) to do or refrain from doing any act which in the opinion of the Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

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A stop-work order, if issued, shall, *inter alia*, direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the Commissioner have been taken, to the satisfaction of the Commissioner, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

A stop-work order may be full (covering an entire workplace) or partial (covering part of a workplace). The minimum duration of a stop-work order is a period of three weeks and the lifting of such stop-work order is subject to the person served with the order complying with such conditions as may be required by the Commissioner including, *inter alia*, the conduct of refresher training on all areas of weaknesses, re-audit of such person's work safety and health management system by approved external auditors, communication of findings and lessons learnt to all workers and enhancement of site coordination meetings to drive improvements to on-site coordination and supervision of work activities to ensure safety, health and welfare of persons at work. A person who has been served with a stop-work order or who has had a workplace fatality may, at the discretion of the Commissioner, face a temporary suspension of hiring of new foreign workers until improvements and rectifications on their systemic issues are carried out to the satisfaction of the Commissioner.

The MOM has also implemented a demerit points system for the construction industry. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches or infringements under the WSHA and relevant subsidiary legislation. Under the single-stage Demerit Points System (“DPS”) for the construction industry, the number of demerit points awarded depends on the severity of the breach or infringement.

The following table indicates the number of demerit points issued to contractors based on the severity of the offences committed:

Type of incident	Demerit Points	Effective Date
Composition fines	1 point per fine from the 4th composition fine onwards	Date of the 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 the MOM's decision to prosecute

REGULATORY OVERVIEW

Type of incident	Demerit Points	Effective Date
Prosecution action taken for dangerous occurrence (potential for multiple fatalities)	18	Date of the MOM's decision to prosecute
Prosecution action taken for accident that led to death of one person	25	Date of the MOM's decision to prosecute
Prosecution action taken for accident that led to death of more than one person	50	Date of the 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.

Each demerit point issued is valid for a period of 18 months after which the demerit point becomes expunged and removed from the records maintained by the MOM in relation to the number of demerit points currently issued to a specific company.

Contractors, including all main and sub-contractors, who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. Applications from the company for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment. Depending on the number of demerit points accumulated, the debarment can be in respect of the hiring of new foreign workers and/or the renewal of existing foreign workers and the duration of the debarment will also increase with the accumulation of more demerit points. 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

In addition, pursuant to the WSHA, the Commissioner may, at his discretion, compound certain offences under the WSHA. To the extent that the Commissioner offers a composition fine in respect of an offence under the WSHA and once the composition fine is duly paid, no further proceedings may be taken against the offender in respect of the offence.

REGULATORY OVERVIEW

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, an employer is required to, *inter alia*, conduct a risk assessment (at least once every three years) in relation to the safety and health risks posed to any person carrying out or undertaking work at 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 three years, and submit such records to the Commissioner from time to time when required by the Commissioner.

Please refer to the paragraph headed “Workplace safety and health” under the section headed “Business” in this prospectus for our workplace safety and health policy and our past record in this regard.

Workmen’s Compensation

The Work Injury Compensation Act (“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, *inter alia*, self-employed persons or independent contractors. However, 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 sub-contractor employer), the principal shall be liable to compensate those employees of the sub-contractor employer who were injured while employed in the execution of work for the principal.

Under the WICA, every employer is required to buy and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed by him, unless specifically exempted. Specifically, employers in Singapore are required to maintain work injury compensation insurance for two categories of employees engaged under contracts of service (unless exempted) – firstly, all employees doing manual work and secondly, all employees doing non-manual work earning S\$1,600 or less a month. Failure to do so is an offence punishable by a maximum fine of S\$10,000 and/or imprisonment of up to 12 months.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of his 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.

ENVIRONMENTAL LAWS AND REGULATIONS

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

REGULATORY OVERVIEW

The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health 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 (Cap. 94A) of Singapore (“**EPMA**”) seeks to provide for the protection and management of the environment and resource 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 prescribed maximum permissible noise levels. The Director-General of Environmental Protection is empowered under the EPMA to, among others, make regulations to control noise pollution by restricting or prohibiting construction works during certain hours.

SINGAPORE TAXATION

Corporate Tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 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 the Years of Assessment 2016 and 2017, subject to a cap of S\$20,000 for Year of Assessment 2016 and S\$25,000 for Year of Assessment 2017. Companies will also be granted a corporate income tax rebate of 20% of the tax payable for Year of Assessment 2018, subject to a cap of S\$10,000.

Dividend Distributions

One Tier Corporate Taxation System

Singapore adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends.

REGULATORY OVERVIEW

Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Withholding Taxes

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

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%.

GOVERNMENT SCHEMES

Wage Credit Scheme

The Wage Credit Scheme was introduced in Budget 2013 by the Singapore Government as a three-year scheme under which the Singapore Government co-funds 40% of the wage increases that are given in 2013 to 2015 to Singapore citizen employees earning a gross monthly wage of S\$4,000 and below.

In Budget 2015, it was announced that the Wage Credit Scheme would be extended for two years (2016 to 2017). New wage increases given from 2016 to 2017 will be co-funded at 20% instead of 40%. For wage increases given in 2015 which are sustained in 2016 and 2017 by the same employer, employers will receive 20% co-funding for two additional years from 2016 to 2017.

Only employers are eligible for co-funding. Employers do not need to apply for wage credit. Wage credits are automatically paid to eligible employers annually, based on the CPF contributions that they make for their employees.

Construction Productivity and Capability Fund

The Singapore Government set up a Construction Productivity and Capability Fund (“CPCF”) in 2010 to fund initiatives that aid improvement in the productivity as well as strengthen the capability of the construction sector through three main aspects — workforce development, technology adoption and capability development.

The CPCF comprises incentive schemes that focus on workforce development, technology adoption and capability development in Singapore’s built environment, including the Workforce Training and Upgrading (“WTU”) scheme and the Mechanisation Credit (“MechC”) scheme.

REGULATORY OVERVIEW

WTU scheme

The WTU scheme co-funds the costs of selected skills assessment and training courses for employees of firms in the construction sector, so as to upgrade the skills of workforces in the built environment. Firms in the construction sector with local or foreign employees who meet the qualifying criteria may apply under the WTU scheme for funding support for training courses and assessment approved by the BCA. The qualifying criteria for local employees are that they must have achieved at least 75% course attendance rate, and sat for the assessments relating to the relevant training course. The qualifying criteria for foreign employees are that they must have achieved at least 75% course attendance rate, and sat for and passed the assessments relating to the relevant training course, and depending on the type of training course undertaken, must possess at least two years or four years of construction experience in Singapore.

For applications under the WTU scheme which are approved by the BCA, funding support of up to 90% of the training and assessment fees for local employees will be disbursed to the applying firm, and funding support of up to 40% or up to 80% of the training and assessment fees for foreign employees (depending on the type of training course undertaken) will be disbursed to the applying firm.

MechC scheme

The MechC scheme helps to defray the cost incurred in technology adoption, by way of the purchase or leasing of certain approved equipment, by companies to improve productivity for their construction projects. Applications under the MechC scheme must be submitted to and received by the BCA on or before the equipment purchase or leasing.

To be eligible under the MechC scheme, a company must satisfy the following conditions:

- (i) It must be a contractor, specialist contractor or subcontractor firm incorporated and operating in Singapore.
- (ii) Equipment must be used in a local construction project and can achieve at least 20% (“**Standard MechC Scheme**”) or 30% (“**Enhanced MechC Scheme**”) in manpower savings (measured by way of number of workers and over a period of four weeks) or in site productivity (measured by way of decrease in mandays used per square metre or equivalent and over a period of four weeks) of the company, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must be recorded and submitted to BCA upon request.
- (iii) Purchase of used equipment will not be supported.
- (iv) Leased equipment must have a lease period of at least one month and not more than 12 months, within the qualifying period (in general, being one year from the date of application). No support shall be provided for short term rental of equipment.
- (v) No purchase or leasing of equipment from related companies is allowed.

REGULATORY OVERVIEW

To qualify for the Enhanced MechC Scheme, companies will have to achieve at least 30% productivity improvement and show evidence that they are also building capability through areas such as financial standing, human resource development, and certifications and awards. Companies will also have to fulfil at least one item from any two out of the following three sections to qualify for the Enhanced MechC Scheme:

- (i) Financial Standing
 - (a) The company's paid-up capital is more than the grant amount under the Enhanced MechC Scheme;
 - (b) The company's revenue is more than the grant amount under the Enhanced MechC Scheme; or
 - (c) The company has an annual profit after tax for the three years preceding the application under the Enhanced MechC Scheme.
- (ii) Human Resource Development
 - (a) A minimum of 20% of the company's work permit holders are higher-skilled workers.
- (iii) Certifications and Awards
 - (a) The Company is accredited with ISO 9001:2008 or ISO 14000 or SS 506 Part 1/ OHSAS 18001 certification.
 - (b) The company has received a Construction Productivity Award issued by the BCA.
 - (c) The company has received a Safety Management Certificate issued by the BCA.

Depending on the impact to the project and the productivity improvement, the funding support provided under the MechC scheme to a successful applicant is as shown below:

	Standard MechC Scheme	Enhanced MechC Scheme
For Purchase of Equipment	Equipment cost ≤ S\$100,000, grant up to 50% or capped at S\$20,000.	Equipment cost ≤ S\$125,000, grant up to 70% or capped at S\$25,000.
	Equipment cost > S\$100,000, grant up to 20% or capped at S\$100,000.	Equipment cost > S\$125,000, grant up to 20% or capped at S\$100,000.
For Leasing of Equipment	For leasing cost ≤ S\$30,000, grant up to 50% or capped at S\$6,000.	For leasing cost ≤ S\$30,000, grant up to 70% or capped at S\$6,000.
	For leasing cost > S\$30,000, grant up to 20% or capped at S\$30,000.	For leasing cost > S\$30,000, grant up to 20% or capped at S\$30,000.

REGULATORY OVERVIEW

Temporary Employment Credit

The Temporary Employment Credit (“TEC”) was announced by the Singapore Government in Budget 2014 as a one-year measure to help employers cope with higher wage costs arising from a 1% increase in the CPF employer contribution rate from 1 January 2015. Under the original TEC, employers would receive an offset of 0.5% of wages for Singaporean and Singapore permanent resident workers in 2015.

The TEC was raised to 1% of wages in 2015, or an additional 0.5% on top of the original TEC. The TEC was also extended by two years to help employers adjust to cost increases associated with the increase in CPF salary ceiling and the employer CPF contribution rates for older workers.

Employers will receive a TEC to offset the wages of their Singaporean and Singapore permanent resident workers paid in the calendar year, as follows:

Year	TEC ⁽¹⁾
2015	1% of wages ⁽²⁾ up to the CPF salary ceiling of S\$5,000
2016	1% of wages up to the CPF salary ceiling of S\$6,000
2017	0.5% of wages up to the CPF salary ceiling of S\$6,000

Notes:

- (1) Employers of workers earning above the CPF ceiling will receive TEC that corresponds to the CPF contributions payable at the CPF salary ceiling.
- (2) This includes the 0.5% offset of wages that was announced in Budget 2014 by the Singapore Government as a one-year assistance to employers to cope with wage costs arising from the increase in CPF contribution rates.

The Central Provident Fund Board (“**CPF Board**”) will automatically assess employers’ eligibility for the TEC and pay the TEC to employers, based on their regular monthly CPF contributions for their employees.

Special Employment Credit

The Special Employment Credit (“SEC”) was first introduced by the Singapore Government as a Budget initiative in 2011 and enhanced in 2012 to provide employers with support to hire older Singaporeans. From 2012 to 2016, employers who hired Singaporean employees aged above 50 and earning up to S\$4,000 a month received SEC of up to 8% of the employee’s monthly wages.

REGULATORY OVERVIEW

In 1 January 2015, an additional wage offset of up to 3% of an employee's monthly wages was introduced by the Singapore Government to encourage employers to voluntarily re-employ Singaporeans aged 65 and above. From 1 July 2017, the re-employment age will be raised from 65 to 67. The new re-employment age of 67 will apply to those who turn 65 on or after 1 July 2017; in other words, those born on or after 1 July 1952.

As announced by the Singapore Government in Budget 2017, the additional wage offset of 3% will be extended from 1 July 2017 to 31 December 2019 to encourage employers to voluntarily re-employ the two groups of employees who are not 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. Taken together, this means that employers who hire workers not covered by the re-employment age of 67 will receive SEC of up to 11% of an employee's monthly wages.

The formula for calculating SEC for 2014 is as follows:

Income of employee in a given month (S\$)	SEC for the month (S\$) for employers who hire Singaporeans aged above 50
Up to 3,000	8% of wage
>3,000 to 4,000	960 – (0.24 × wage)

The formula for calculating SEC for 2015 to 2016 is as follows:

Income of employee in a given month (S\$)	SEC for the month (S\$) for employers who hire Singaporeans	
	aged above 50	aged 65 and above
Up to 3,000	8% of wage	11% of wage
>3,000 to 4,000	960 – (0.24 × wage)	1,320 – (0.33 × wage)

The formula for calculating SEC for 1 January 2017 to 30 June 2017 is as follows:

Income of employee in a given month (S\$)	SEC for the month (S\$) for employers who hire Singaporeans		
	aged 55 to 59	aged 60 to 64	aged 65 and above
Up to 3,000	3% of wages	5% of wages	11% of wages ⁽¹⁾
>3,000 to 4,000	360 – (0.09 × wage)	600 – (0.15 × wage)	1,320 – (0.33 × wage)

Note:

- (1) Includes 3% additional wage-offset for employers who hire workers who are not covered by the new re-employment age of 67.

REGULATORY OVERVIEW

The formula for calculating SEC for 1 July 2017 to 31 December 2019 is as follows:

Income of employee in a given month (S\$)	SEC for the month (S\$) for employers who hire Singaporeans				
	Aged between 55 and 59 (i.e. ≥55 years 0 months and ≤59 years 11 months)	Aged between 60 and 64 (i.e. ≥60 years 0 months and ≤64 years 11 months)	Aged between 65 and 67 (i.e. ≥65 years 0 months and <67 years 0 months)		Aged 67 and above (i.e. ≥67 years 0 months)
			Born on or after 1 July 1952	Born before 1 July 1952	
Up to 3,000	3% of wage	5% of wage	8% of wage	11% of wage	11% of wage
>3,000 to 4,000	360 – (0.09 × wage)	600 – (0.15 × wage)	960 – (0.24 × wage)	1,320 – (0.33 × wage)	1,320 – (0.33 × wage)

Employers who make regular CPF contributions for their workers need not take further action in order to receive the SEC. The CPF Board will automatically assess their eligibility and notify them by post before payments are made. Save as disclosed above, 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.

OUR GROUP'S COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group has been in compliance with the aforesaid laws and regulations of Singapore in all material aspects.

In relation to the aforesaid compliance obligations, our management reviews our business practices regularly, and our Group has adopted various measures as set out in our Group's internal manuals, so as to ensure compliance with the applicable laws and regulations as discussed above.

HISTORY AND DEVELOPMENT

Our business history

Our history can be traced to 1983 when our Executive Chairman and one of our Controlling Shareholders, Mr. Tay, founded the business as a sole proprietor. Mr. Tay started running his sole proprietorship business, under the name of Sing Moh Electrical Engineering Co. which engaged principally in the business of electrical works. Our Group's principal operating subsidiary, Sing Moh, was subsequently incorporated with limited liability in 1988, through Mr. Tay's personal resources, and primarily engaged in providing mechanical and electrical engineering services.

As our business continues to grow, we had expanded our customer base, project size, and project types. In 2012, we secured our first private residential project with contract value exceeding S\$10 million. In 2013, we secured a contract to install electrical system for a two 43-storey private residential blocks in Singapore. In 2014, we secured one of the first PPVC projects in Singapore, a public educational institution project with contract value of approximately S\$18.7 million.

As we gained more experience in providing mechanical and electrical engineering services, we also obtained more licences and higher levels of certifications in order to bid for projects of higher value and size. As at the Latest Practicable Date, Sing Moh is accredited with certifications including ISO 9001:2008, bizSAFE STAR and OHSAS 18001:2007. Sing Moh has also obtained the highest L6 grading under ME05 "Electrical engineering" workhead that allows us to tender for public sector projects of unlimited amount.

Our number of workers grew as our business expanded and we provided dormitories to our foreign workers. In 2008, we moved into our self-owned purpose built factory and dormitory building at 85 Tagore Lane, Singapore 787527. Initially, we were able to house all of our foreign workers within our dormitory at that building and as we began to secure more projects, we started to source for additional dormitories from external parties and acquired a new building in March 2017 at 202 Tagore Lane, Singapore 787591, partly for this purpose.

Key milestones of our Group

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

Date	Event
December 2000	We had been certified as a ISO 9001:1994 Organisation for "Design, Build, and Installation of M&E works for General Building Construction".
May 2007	We acquired our first commercial property located at 85 Tagore Lane, Singapore 787527. We demolished and rebuilt it as a factory and dormitory building and moved into it in or around December 2008.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date	Event
September 2010	Our BCA grading for ME05 was upgraded to L6. This is the highest grade with no limit on the contract value of public sector project that we can tender for.
December 2011	We were accredited with SS 506 Part 1/OHSAS 18001 certification, which is an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business.
January 2012	We were accredited with bizSAFE STAR certification, which is the highest level of bizSAFE certifications.
January 2012	We secured our first private residential project with contract value exceeding S\$10 million.
March/ May 2012	We were commended in a Singapore parliament session for maintaining our own self-owned dormitory with good conditions. Our dormitory was also featured as one with good practices by <i>The Straits Times</i> , a major newspaper in Singapore.
July 2013	We secured a contract to install electrical system for a two 43-storey private residential blocks in Singapore.
June 2014	We secured one of the first PPVC projects in Singapore, a public educational institution project with contract value of approximately S\$18.7 million.
January 2016	We secured a Design and Build M&E contract for a mixed residential and commercial development of approximately S\$21.4 million in contract value.
March 2017	We acquired our second property at 202 Tagore Lane, Singapore 787591 to expand our business and house more of our foreign workers.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR GROUP COMPANIES

As at the Latest Practicable Date, our Group comprised our Company, SME and Sing Moh, our principal operating subsidiary in Singapore. Our Company was incorporated under the laws of the Cayman Islands on 21 June 2017 in anticipation of the Listing and is the holding company of our Group. SME was incorporated in the BVI on 18 May 2017 for the purpose of holding our Company's equity interests in Sing Moh.

Sing Moh

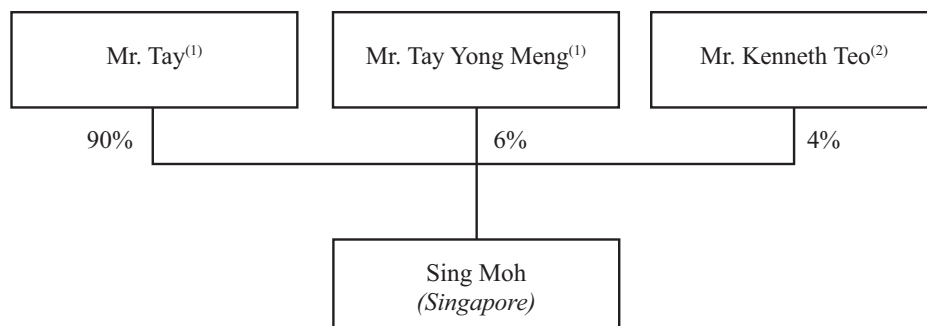
Sing Moh is our principal operating subsidiary in Singapore. Sing Moh was incorporated in Singapore as a limited liability company on 11 August 1988. At the time of its incorporation, 45,000 and 5,000 shares, representing 90.0% and 10.0% of the issued share capital in Sing Moh, were allotted and issued to Mr. Tay and Mr. Tay Yong Joo, the brother of Mr. Tay, respectively. On 10 June 1990, Mr. Tay transferred 5,000 shares in Sing Moh to his other brother, Mr. Tay Yong Meng, at a consideration of S\$5,000, which was determined based on the par value of the shares since Sing Moh was at an early stage of its business development and the consideration was settled on the same day. Various allotments and issuance of shares in Sing Moh took place between June 1990 and June 1995. On 3 April 1996, Mr. Tay Yong Joo transferred all his 10,000 shares to Mr. Tay Yong Meng for a consideration of S\$10,000, which was determined based on the par value of the shares, and subsequent to this share transfer, he ceased to be a shareholder but he continued to work at Sing Moh. On 20 October 1999, Mr. Tay Yong Hua transferred 20,000 shares to a long-term employee of Sing Moh in recognition of his performance for a consideration of S\$1 which was settled on the same day. On 19 February 2001 and prior to his departure from Sing Moh, Mr. Ang Teow San transferred all his 20,000 shares to Mr. Kenneth Teo, the nephew of Mr. Tay and Mr. Tay Yong Meng for a consideration of S\$20,000, which was determined based on the par value of the shares and settled on the same day, and subsequent to this share transfer, he ceased to be a shareholder. Immediately after such share transfer, Sing Moh was owned as to 90.0% by Mr. Tay, 6.0% by Mr. Tay Yong Meng and 4.0% by Mr. Kenneth Teo. On 31 August 2010, a further allotment and issuance of shares in Sing Moh took place as bonus shares were issued as a result of capitalisation of retained earnings and the shareholding percentages of Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo remained the same since then.

On 14 November 2017, pursuant to the Reorganisation, Sing Moh became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation is set out in the paragraph headed "Reorganisation" in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows our corporate structure immediately before the commencement of the Reorganisation.



Notes:

- (1) Mr. Tay and Mr. Tay Yong Meng are brothers.
- (2) Mr. Kenneth Teo is the nephew of Mr. Tay and Mr. Tay Yong Meng.

REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the Listing, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

1. Incorporation of SME

SME, an investment holding company, was incorporated as a limited liability company under the laws of the BVI on 18 May 2017 and is authorised to issue a maximum of 50,000 ordinary shares with par value of US\$1.00 each. On the date of incorporation, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo subscribed for, and SME allotted and issued 90 shares, 6 shares and 4 shares in SME to each of them, respectively, for cash at par.

2. Transfer of Sing Moh to SME

On 31 May 2017, as part of the Reorganisation, SME acquired 1,350,000 shares, 90,000 shares and 60,000 shares, representing the entire issued share capital of Sing Moh, from Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, at a nominal consideration of S\$1.00 payable to each of them. Upon completion of the transfer, Sing Moh became wholly-owned by SME.

3. Incorporation of HMK

On 20 June 2017, HMK was incorporated as a limited liability company under the laws of the BVI as the investment holding company of the Controlling Shareholders, namely, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo. On the date of incorporation, HMK is authorised to issue a maximum of 50,000 shares with par value of US\$1.00 each, and Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo subscribed for, and HMK allotted and issued 90 shares, 6 shares and 4 shares, respectively, in HMK to each of them for cash at par.

4. Incorporation of our Company

On 21 June 2017, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with par value of HK\$0.01 each. On the same day, the one initial Share was transferred from the initial subscriber to HMK. Our Company is the listing vehicle.

5. Share swap arrangement

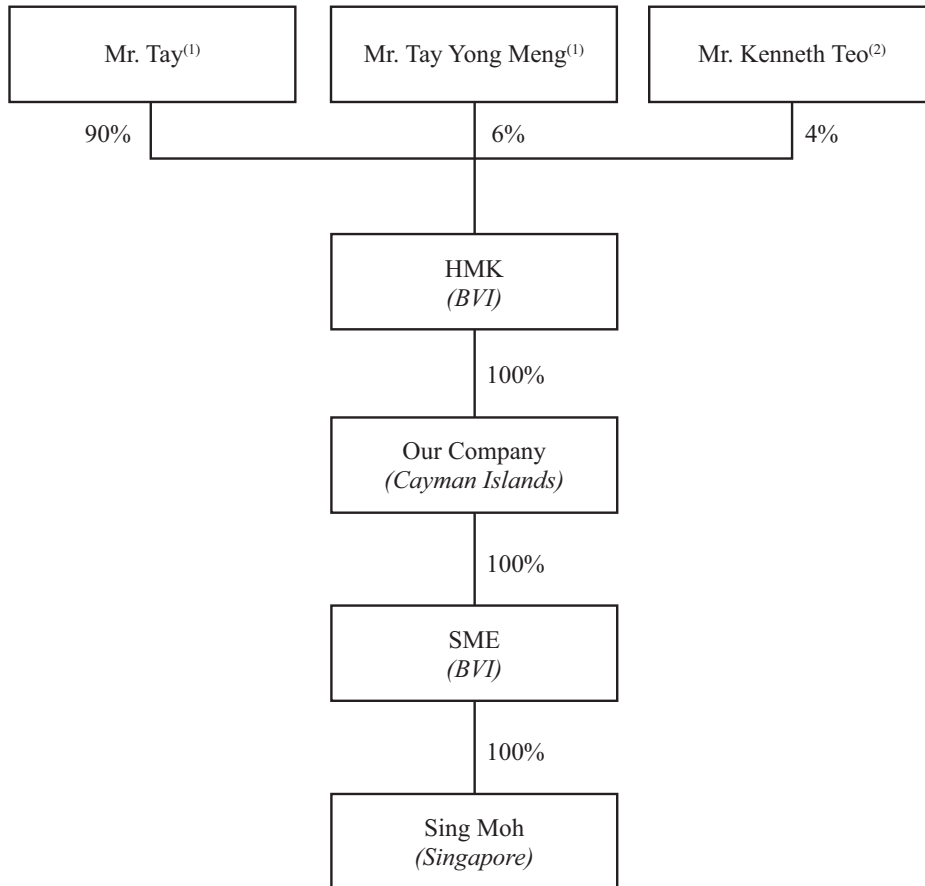
On 14 November 2017, our Company entered into a share transfer agreement with Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, pursuant to which our Company acquired 90 shares, 6 shares and 4 shares in SME, representing all the issued shares of SME from Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, in consideration of our Company issuing and allotting one new Share to HMK. Upon completion of this share swap arrangement, SME became wholly-owned by our Company and our Company therefore became the holding company of our Group.

Our Directors confirm that the Reorganisation would not require any approval or permit from any relevant government authorities in the Cayman Islands or Singapore. Further, our Directors confirm that there are no conditions attached to any of our licenses or permits that would require approval or consent to be obtained, failing which the Reorganisation would result in a cancellation, revocation or withdrawal of any such license or permit.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE LISTING

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Public Offer:



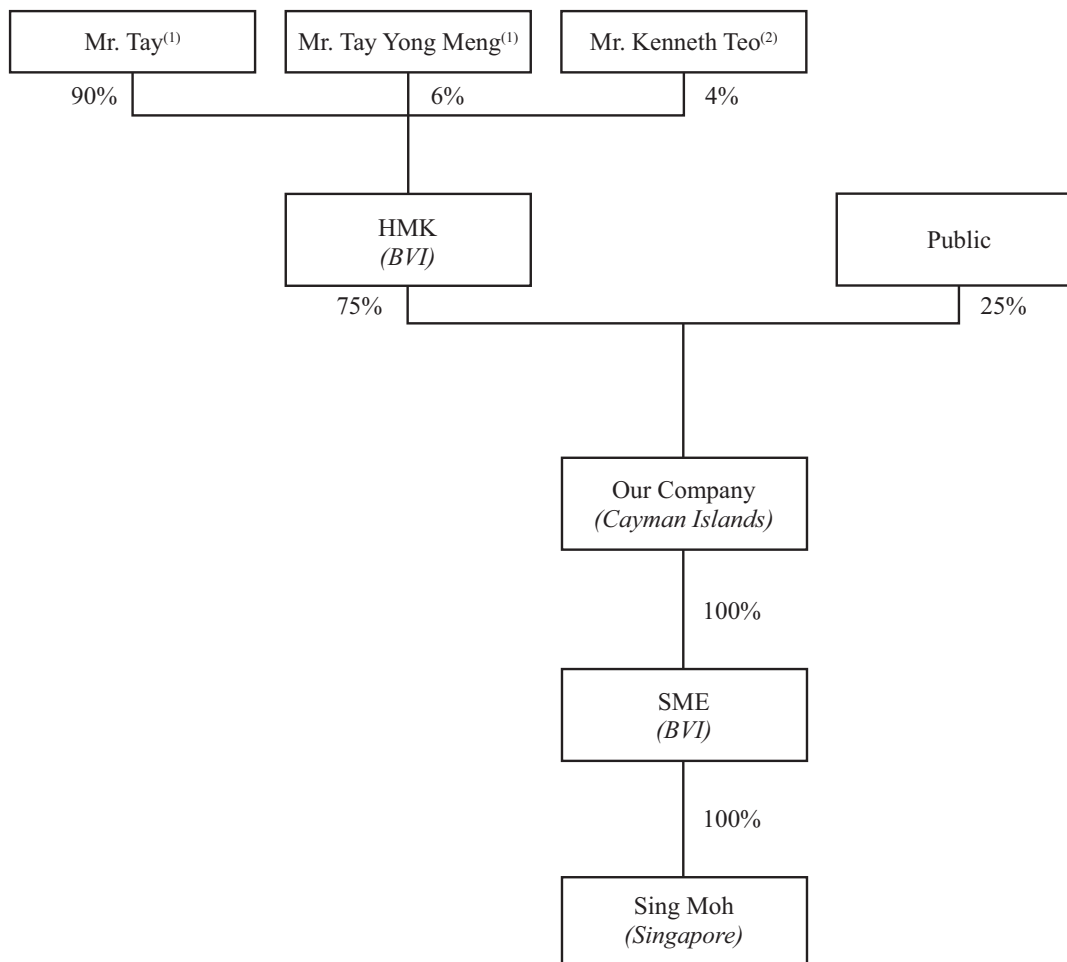
Notes:

- (1) Mr. Tay and Mr. Tay Yong Meng are brothers.
- (2) Mr. Kenneth Teo is the nephew of Mr. Tay and Mr. Tay Yong Meng.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE UPON LISTING

The following chart sets forth the shareholding structure of our Group immediately following the Capitalisation Issue and the Public Offer:



Notes:

- (1) Mr. Tay and Mr. Tay Yong Meng are brothers.
- (2) Mr. Kenneth Teo is the nephew of Mr. Tay and Mr. Tay Yong Meng.

REASONS FOR THE LISTING

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it will (i) enhance our credibility and visibility in particular with main contractors and owners of building developments that have a regional or international presence, who may view a public listed contractor as one with higher standards of corporate governance and financial disclosure; and (ii) provide another source of funding and the use of the proceeds from the Share Offer for the implementation of our business strategies.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

We have evaluated various venues for listing, including Singapore, and decided that Hong Kong is the most suitable venue for our Group with the following consideration:

- (i) with increasing number of Singapore companies being listed in Hong Kong, our Executive Directors are of the view that listing in Hong Kong would be recognised by our existing and potential customers as having attained a certain standard of corporate governance and financial strength; and
- (ii) the ease of access to capital market funding with sustained investor interest subsequent to Listing based on the overall size and turnover of shares on the Hong Kong Stock Exchange. We consider that capital market funding is an appropriate alternative to debt financing, with the possibility of secondary fund raising. Our Executive Directors consider that the Hong Kong Stock Exchange is one of the major global stock exchanges, and 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 the future.

Our Executive Directors are of the view that given the increase in the number of main contractors and subcontractors in the respective Singapore construction and M&E industry over the years (of which a number of them have been listed in Singapore or Hong Kong), the Listing on the Stock Exchange will improve our competitiveness in the industry and enhance our Group's credibility and visibility in particular among the main contractors and owners of building developments that have regional or international presence. As such, we believe that the Listing on the Stock Exchange not only will allow us to expedite our business expansion plans through the net proceeds, but also enhance our public image. The Listing will also provide us with more financing alternatives such as issuance of bonds and convertible securities.

Our Executive Directors are of the view that the location of our operations (in Singapore) should not be the deciding factor of where we pursue a listing, but instead should be based on an evaluation of the aforementioned considerations. Furthermore, with information technology and retail stock trading platforms that cater to multiple stock exchanges, our Executive Directors do not view that the location of our operations has to be the same as where we pursue a listing.

Our Executive Directors confirmed that other than this Listing, no application has been submitted for listing on any other stock exchange. Our Directors have confirmed that, to the best of their knowledge and belief, there would be no impediments for our Company if we were to list on the Catalist of the Singapore Exchange Securities Trading Limited.

BUSINESS

OVERVIEW

We are a Design and Build M&E engineering contractor in Singapore and we have been established in Singapore for over 25 years. Our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems. We specialise in electrical engineering, and our projects are in relation to new building developments and major A&A works, which include private residential, mixed residential and commercial developments and institutional buildings. All our contracts are on a non-recurring and project basis. The duration for our projects during the Track Record Period ranged from 10 months to 53 months, with an average duration of approximately 30 months.

The following table sets forth a breakdown of our revenue for private and public sector projects during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	<i>S\$ million</i>	<i>% to total revenue</i>	<i>S\$ million</i>	<i>% to total revenue</i>	<i>S\$ million</i>	<i>% to total revenue</i>	<i>S\$ million</i>	<i>% to total revenue</i>	<i>S\$ million</i>	<i>% to total revenue</i>
Private sector projects	11.7	52.7	23.9	52.5	26.0	65.0	8.5	53.5	12.9	85.6
Public sector projects	10.5	47.3	21.6	47.5	14.0	35.0	7.4	46.5	2.1	14.4
Total	22.2	100.0	45.5	100.0	40.0	100.0	15.9	100.0	15.0	100.0

Our experienced management team under the leadership of our founder, Mr. Tay, has nurtured the growth of our Group to our current staff strength of around 260 employees and successful bidding of high value contracts such as that secured in January 2016 for a mixed residential and commercial development of approximately S\$21.4 million in contract value. We also pride ourselves to be at the forefront of Singapore’s M&E industry developments, as we had undertaken two projects during the Track Record Period where our M&E systems were installed off-site on PPVC modules. As stated in the Frost & Sullivan Report, M&E contractors who (i) engage in PPVC off-site installation; (ii) engage in BIM; and (iii) have Design and Build capability (all of which we have capabilities in as stated in the paragraph headed “M&E services” under the section headed “Business” in this prospectus) will stay at the forefront of the M&E industry. Moreover, according to the Frost & Sullivan Report, we ranked fifth among all the industry players with a market share of approximately 2.5% in 2016 as stated in the paragraph headed “Competitive landscape analysis” under the section headed “Industry overview” in this prospectus.

M&E SERVICES

We are a subcontractor responsible for the implementation of M&E systems in new building developments and major A&A works. Our scope of work includes the design of various M&E systems, and the building and installation of these systems. The installation of M&E systems includes key systems such as those related to (i) electrical-based systems such as lightings, switchgears and generators; (ii) communication and security systems such as CCTV and card access

systems; and (iii) telephone cabling systems. As we specialise in electrical engineering, we may subcontract certain scope of works in relation to air-conditioning and mechanical ventilation systems and fire protection systems.

Design and Build

Depending on the requirements of our customers, the M&E scope of works may require us to design all the contracted M&E systems' functionality and connectedness (as opposed to executing the installation of M&E systems from drawings provided by the owner of the building development). We have more than ten employees with Design and Build capabilities who have been involved in aggregate more than ten Design and Build projects. Of the 25 ongoing and completed projects that we had undertaken during the Track Record Period, 11 were Design and Build projects.

Taking on the design-related scope of works would require us to have the Design and Build capability, which encompasses (i) understanding the requirements for the building development, such as the specific M&E systems that are to be installed for different rooms and facilities within the building; (ii) providing the design drawings and data to clearly show the functionality and connectedness of the M&E systems; and (iii) ensuring that the implementation of the design drawings is within the estimated costs and project schedule.

Impact on our project management and operations

For the type of building developments that we are experienced in providing M&E installations, we typically do not take into consideration when tendering for a project whether it requires the design-related scope of works as there are minimal costs for the design drawings. The design work is carried out in-house, and after the design drawings are completed, we will send the drawings to an external independent professional engineer who is registered with the Professional Engineers Board for review in respect of the feasibility and safety of the systems. The fees incurred for professional engineer services were not significant, being an aggregate of approximately S\$0.2 million, during the Track Record Period. The fees for providing the design-related scope of works can either be aggregated with the Design and Build scope of works, or separately as design fees in our contracts. In the latter case, it is typically less than 1% of the overall contract sum.

Notwithstanding the above, having Design and Build capability is expected for an established subcontractor and also broadens the range of projects that we can tender for. It also provides opportunities for us to communicate and add value to our customers by proposing design (and the build, and installation) of the M&E systems that can be completed more efficiently.

M&E works

All our projects include installations of electrical-based systems as that is our area of specialisation. Our project team comprises over 240 employees, led by our Chief Operating Officer, Mr. Tay Yong Meng. Electrical-based systems encompass all electrical components and connections to provide electricity safely to the requisite systems throughout the building, including to mechanical-based systems. This will include the installations of some or all of the following:

- (i) switchboards and switchgears, including circuit breakers, meters, protection devices, cables and cable boxes;
- (ii) generators, including standby generator system with the requisite exhaust piping and draining, and fuel tanks;
- (iii) cabling system to connect from the power grid to switchboards within the building;
- (iv) circuit wiring for lightings;
- (v) lightings system, including light fittings, emergency lightings, lightings located at the building facade;
- (vi) ceiling and wall fans, including switches, regulators and safety devices;
- (vii) uninterruptible power supply systems such as CCTV system, security access control system and public address system;
- (viii) telephone cabling system, including cables, conduits and relevant accessories and equipment;
- (ix) information technology system, including cabling system for servers and data outlets;
- (x) car parking system, including entry and exit points controlled by microprocessors, cash card readers and the related data communication system;
- (xi) security system, including the abovementioned uninterruptible power supply systems, contactless card readers, door controlling system, emergency breakglass system (as the case may be);
- (xii) CATV system, including coordination with telecommunications service providers for the inspection of the cables and the television outlets; and
- (xiii) lightning protection system, including the required earthing system.

Impact on our project management and operations

We take into consideration the specifications of the electrical works during tender pricing in order to understand the type of electrical-based systems required and the specifications, including any material specifications. Please refer to the paragraph headed “Pricing and tender strategy” in this section for further information on our tender process and pricing considerations. As we are established in the area of electrical engineering and have an experienced project team for our project implementation, we typically undertake electrical works in-house. Labour costs are a significant part of our cost of services, please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income” under the section headed “Financial information” in this prospectus for our cost components.

Subcontracted M&E works

We subcontracted certain scope of works mainly in relation to air-conditioning and mechanical ventilation systems, and fire protection systems. While we possess ME01 “Air-conditioning, refrigeration and ventilation works” workhead and ME06 “Fire prevention and protection systems” workhead, and therefore have the requisite technical personnel who hold the required mechanical engineering qualification and experience, we do not have a team of on-site workers dedicated for such installation works as our existing workers’ experience is mainly in the area of electrical engineering. The requirements for L3 grading under ME01 workhead and L2 grading under ME06 workhead are stated in the paragraph headed “Licensing regime for contractors in Singapore — Registration and retention requirements” under the section headed “Regulatory overview” in this prospectus and do not include the requirements to have on-site workers for such installation works. Instead, project track record was a requirement, and we had obtained our L3 grading based on three projects which in aggregate had the contract sum exceeding S\$3 million and our L2 grading based on three projects which in aggregate had the contract sum exceeding S\$1 million. The abovementioned projects referred to the projects that we had undertaken during the Track Record Period with significant subcontracting works, and the apportioned contract value (out of the entire contract value) under the above workheads fulfilled the project track record for registration requirements. The aforementioned subcontracted M&E works include the installations of some or all of the followings:

- (i) air-conditioning system, including air-conditioning units, refrigerant pipework and drainage work, and the requisite insulation and fittings;
- (ii) mechanical ventilation system, including exhaust air fans;
- (iii) fire protection system, including fire alarm panels, heat detectors, fire sprinkler systems, fire hose reel system, fire hydrant system, clean gas total flooding system; and
- (iv) the Design and Build, and/or the installations of the abovementioned systems including the requisite power supply and control system.

Impact on our project management and operations

We will take into consideration the subcontracted works when tendering for a project. We typically do not tender for projects where a significant portion of works have to be subcontracted as we aim to optimise our staff strength of over 240 employees directly engaged in project implementation. Two out of the three projects that we subcontracted a higher portion of M&E works were for bus depots (which required our scope of services to include significant works for air-conditioning and mechanical ventilation systems, and fire protection systems), and our Executive Directors view that securing these two projects will expand our project portfolio. In selected cases, we may also undertake projects that include subcontracted works if we consider it strategic for our portfolio of projects, and/or customers. The subcontracting costs incurred for the three years ended 31 December 2016 and the five months ended 31 May 2017 were approximately S\$0.4 million, S\$7.2 million, S\$0.9 million and S\$0.7 million respectively. The profit margin for our projects with higher subcontracting costs will typically be lower. Please refer to the paragraphs headed “Subcontractors” in this section and “Period to period comparison of results of operations” under the section headed “Financial information” in this prospectus for further details.

Code of Practice on Buildability

In the Code of Practice on Buildability, our customers (the main contractors) are required to achieve minimum Buildable Design Score and Constructability Score, both of which have the objectives to promote buildable designs and the use of construction technologies, methods and processes to reduce the reliance on foreign workers by the construction industry in Singapore. The Code of Practice on Buildability is applicable to all buildings save for place of worship, power station, waste processing or treatment plant, theme park and certain structures such as bridges, tunnels and wharfs. It is the responsibility of the developers, architects, engineers, builders and others engaged in the design and construction of buildings to be conversant with the statutory requirements in relation to the Code of Practice on Buildability. As one of the subcontractors, we are not subject to the Code of Practice of Buildability, but instead, our role is to support our customers to comply with the Code of Practice on Buildability when requested to do so. Minimum buildability standards and mandatory adoption of standard components and building system such as a certain percentage of a building construction to be performed on PPVC modular system are specified in the Code of Practice on Buildability. The use of the PPVC method of construction will provide a higher Buildable Design Score. As a subcontractor, we will have to assist our customers to meet the requirements set by the BCA and also to assist them to obtain a higher scoring based on the scoring system set by the BCA. During the Track Record Period, we achieved the above with:

(i) *Off-site PPVC M&E installation*

We had undertaken two projects during the Track Record Period where the M&E systems were installed off-site in the PPVC modules. These two projects were related to a public educational institution project and public institution project, both of which the buildings were located in Singapore. A PPVC module refers to a free-standing volumetric module (complete with finishes for walls, floors and ceilings) which are constructed or manufactured, and assembled off-site and then moved to on-site for the construction of the building. The location

of the construction of the PPVC modules is determined by our customers, and in respect of the aforesaid two projects, the PPVC modules construction had been carried out in Singapore (Project #1) and Zhangjiagang, Jiangsu Province, PRC (Project #23). At the offsite location, each PPVC module is constructed, installed to required specifications, and thereafter transported to the building site in Singapore. As a M&E subcontractor, our scope of works is limited to the installation of M&E systems in each PPVC module, and the overall installation of M&E systems for the building. Please refer to the paragraph headed “Quality control” in this section for the quality checks for off-site PPVC M&E installation.

The abovementioned project which is an educational institution project has been noted by the BCA in a local magazine publication (in November/ December 2015 issue) that the project represented Singapore’s first high-rise building that employed the PPVC method of construction. Sing Moh was mentioned in the article as being a company that has adopted this construction technology, including BIM (please refer to the paragraph headed “Business strategies” in this section for further information on BIM).

Impact on our project management and operations

When tendering for a project, we will be made aware that PPVC method of construction will be used. In fact, the Directors believe when our customers tendered for the building project from the owner, it would have been specified by the owner whether this building project is to be constructed using PPVC modules. Therefore, the decision of whether to use PPVC modules rests on the owner of the building development. Our Directors believe that we had been awarded with the abovementioned two off-site PPVC M&E installation projects during the Track Record Period due to our (i) established track record; (ii) competitive strengths; and (iii) experience in M&E installations. In this regard, we further believe that our commitment to keep abreast of the industry development by undertaking one of the first PPVC projects in Singapore (for which the M&E installations in each PPVC module were carried out at an off-site location in Singapore) had distinguished ourselves in the market as one of the leading M&E engineering contractors in Singapore. Given experience in the project regarding PPVC M&E installation in Singapore, our Directors are of the view that our Group had captured a first-mover advantage, thereby putting ourself in a strategic position to secure the second PPVC M&E installation project (for which the M&E installations in each PPVC module are carried out at an off-site location in the PRC).

We will factor in off-site installation costs and estimate the combined impact of the increase of off-site installation costs versus a decrease of labour costs as less time is required for on-site installation. The work on-site will be centred on the connectedness of each PPVC module (instead of the installations of M&E systems into each module) and therefore, reduces time and cost associated with on-site installations. For our completed project with off-site PPVC M&E installation, we recorded higher profit margin due to overall labour savings. As an illustration, the time required for a project is typically a factor that affects labour costs and thereby our gross profit margins. PPVC modules

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being standardised modules in terms of dimensions and electrical inlet and outlet points, would allow for time savings as we can pre-cut materials to the standardised dimensions for installation works to be performed expediently due to the standardised electrical points. Moreover, the installations of M&E systems into each PPVC module can be performed at ground level, therefore reducing the time taken to hoist materials to various higher floors. It is also more convenient for workers to perform installation works at ground level. Please refer to the paragraph headed “Period to period comparison of results of operations” under the section headed “Financial information” in this prospectus for further details.

For Project #23, the PPVC modular construction was and is being carried out in the PRC. We submit our progress claims on a monthly basis and such submission may take place before or during the delivery of the PPVC modules to Singapore. Meanwhile, our customer would certify our progress claims when the PPVC modules have been delivered from the PRC to the project site in Singapore. Given that the delivery of these PPVC modules from the PRC to the project site takes longer time than if the PPVC modules are constructed in Singapore, there would be a longer interval between the submission and the certification of our progress claims. Although such longer certification time would impact our liquidity as the duration between cash outflows for payments to our suppliers and cash inflows from customers would be longer, our Executive Directors decided to accept the payment terms with the view that (i) the anticipated profit margin of this project is high; (ii) the participation in the relatively new PPVC technology project will allow our Group to continue to capture a first-mover advantage in the industry; and (iii) the impact to our Group’s liquidity is acceptable and not significant based on our financial position. In addition, according to the Frost & Sullivan Report, it is not uncommon for main contractors to certify their subcontractors’ claims for work done on the PPVC modules only upon the delivery of the PPVC modules to the project site. Please refer to the sub-paragraph headed “Liquidity risk management” in the paragraph headed “Risk management and internal control systems” under this section for further details of our liquidity management. Going forward, our Executive Directors may continue to accept this mode of operation for PPVC modular construction projects should the profit margin and/or impact to our liquidity position is acceptable and manageable.

Apart from the above, PPVC modular construction will be increasingly used in building development projects because other than being mandated to varying extents by the BCA, developers in Singapore are also adopting it as it offers the opportunity for cost and time savings. In the abovementioned article contributed by the BCA, it was noted that the PPVC method of construction can save up to 25% to 40% in manpower and 15% to 20% in construction time. It is also mentioned in the article that the PPVC method of construction has the benefits of reduction in on-site noise and dust pollution, both of which are concerns of our customers as they are responsible for compliance with relevant regulations and subject to spot checks by the relevant authorities. As such, it is important for us to be at the forefront of such construction developments that have

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impact on the M&E industry, and doing so will broaden our project opportunities as customers will look for experienced subcontractors to support them in their project implementation.

(ii) *Adoption of construction technologies*

Main contractors are required to submit the Constructability Score and only building development with scoring that are above the relevant minimum scoring will be allowed to carry out structural works. As a subcontractor, we can contribute to the scoring through adopting the construction technologies/ methods in the Code of Practice on Buildability, namely through (i) the use of pre-insulated chilled water pipes; (ii) prefabricated or prefabricated and pre-insulated ducts; (iii) use of mechanical joints for M&E piping; and (iv) use of scissor lift and/or personnel lift and/or boom lift instead of traditional scaffolds. During the Track Record Period, we had been requested by our customers to use scissor lift and boom lift when carrying out our works.

Impact on our project management and operations

When tendering for a project, we will be made aware whether we have to adopt the above construction technologies/ methods to assist to obtain a higher Constructability Score. If required, the relevant material costs will be included in our cost estimation and specified as such in our tender proposal. Please refer to the below sub-paragraph headed “Pricing and tender strategy” in the paragraph headed “Sales and Marketing” under this section for further information on our pricing considerations.

Seasonality

Our business is generally not subject to seasonality.

COMPETITIVE STRENGTHS

Our experienced management team under the leadership of our founder, Mr. Tay, has nurtured the growth of our Group to our current staff strength of around 260 employees and the successful bidding of high value contracts. We believe that our competitive strengths set out below have driven growth in our business and financial performance.

We have a strong track record of providing M&E services with over 25 years of experience in Singapore

We have over 25 years of experience in the M&E industry in Singapore, and have completed projects for various types of building developments, including private residential, mixed residential and commercial developments and institutional buildings. We had also secured our highest contract value to date of approximately S\$21.4 million and undertaken five projects during the Track Record Period with contract values above S\$10 million.

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A strong track record is our competitive strength because the types of M&E systems and the scope of work to ensure the functionality and connectedness of the M&E systems are complex. As such, we understand that our customers also consider a subcontractor's track record before inviting a subcontractor for tender and/or when evaluating a subcontractor's tender proposal. We are typically invited to tender either by returning customers, or by customers who have come to know us by word-of-mouth recommendation. As a testament to our track record, customers who are established in the construction industry (such as branches or subsidiaries of public-listed corporations, or main contractors with A1 grading under the construction workhead CW01 "General building") have awarded us sizable projects. Moreover, our appointment as a subcontractor also has to be approved by the owner of the building development projects, and these in turn included Singapore Government agencies or property developers who are public-listed corporations.

Our ability to complete projects on a reliable basis also adds to our track record, as we understand that customers will evaluate their subcontractors based on past performance, pricing, financial capability and certifications. Moreover, being at the forefront of the M&E industry developments and having undertaken two projects that have M&E systems installed off-site on PPVC modules, further strengthens our track record. Additionally, a strong project track record serves as a barrier of entry for other new M&E service providers, and we are one of the top five players in the M&E industry in Singapore as stated in the Frost & Sullivan Report. Within the private residential sector in Singapore, we are ranked first among all M&E service providers according to the Frost & Sullivan Report.

We are able to execute projects profitably, which require competencies and experience to understand the requirements of a tender and the foreseeable challenges during project execution

During the Track Record Period, all our projects were completed profitably and we recorded gross profit margins of approximately 41.8%, 35.1%, 44.2% and 43.6% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our ability to execute projects profitably comes from our track record, which allows us to build up our competencies and experience in various key aspects of a successful project execution, including but not limited to:

- (i) ability to understand the requirements of a tender, and foreseeing the challenges during project execution and possible costs to take note of, for instance, the construction schedule of a building development will affect our M&E installations as our M&E works are to be synchronised with the construction progress. Different construction schedule will pose different challenges, as more man hours are required during certain stages of construction and such additional hours are not chargeable to our customers in our fixed sum contracts. Other challenges could come from the architectural designs of building developments such as a building development that has several basement floors will pose a greater challenge as the servicing of various M&E systems located underground have to

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be taken into account as some of these have to be moved off-site for maintenance. The design and installations therefore have to take into account the future servicing of these M&E systems;

- (ii) ability to design, plan and carry out the works in a cost and time effective manner; this will require an experienced design and project team that includes our General Manager, project managers, project engineers, site supervisors, foremen and workers. Furthermore, we have a staff strength of around 260 employees, out of which over 240 are directly involved in project execution and thus able to perform the majority of our scope of works in-house; and
- (iii) ability to manage costs effectively; please refer to the sub-paragraph headed “Pricing and tender strategy” in the paragraph headed “Sales and Marketing” under this section for our pricing considerations. We have over nine years of relationship with several of our five largest suppliers and we have received good support from them in terms of pricing and delivery of their supplies. Moreover, we are familiar with the material specifications and therefore aware of the market prices for various components of the M&E systems.

We have Design and Build capability where we are able to design all the contracted M&E systems’ functionality and connectedness

As mentioned in the paragraph headed “M&E services” in this section, we have the Design and Build capability. During the Track Record Period, nine of the 20 projects that we completed in Singapore were Design and Build Projects. Having a Design and Build capability broadens the range of project opportunities that we can tender for and also provides opportunities for us to communicate and add value to our customers by proposing design (and the build, and installation) of the M&E systems that can be completed more efficiently.

We have a strong safety and quality record

We have established a set of occupational health and safety procedures, quality plan and procedures. Please refer to the paragraphs headed “Occupational health and safety policy” and “Quality control” in this section for details of our procedures. Furthermore, we are accredited with ISO 9001:2008, OHSAS 18001:2007 and bizSAFE STAR certifications for the scope of Design and Build, and installation of M&E works for general building construction. Please also refer to the paragraph headed “Main registrations and licences” in this section for further details. In particular, we had undertaken two projects during the Track Record Period with M&E installations being performed off-site on PPVC modules which would reduce the time spent by our employees on-site and working-at-height. As such, other than taking safety and quality measures, we are adopting construction methodologies that reduce the inherent industrial risks faced by our employees. Please refer to the paragraph headed “M&E services” in this section for further information on off-site PPVC M&E installation.

We have experienced and dedicated management and project teams and we place emphasis on our foreign workers' welfare

Each of our Executive Directors has over 20 years of experience in the M&E industry and our Executive Directors believe that both experienced management and project teams contributed to our success. Moreover, the extensive experience of our Executive Directors has also helped us to obtain word-of-mouth recommendations. Please refer to the section headed "Directors and senior management" in this prospectus for detailed work experience of our Directors and senior management team. Without our human resources, we would not have been able to achieve all the other competitive strengths as mentioned in above paragraphs. As such, we view human resources as valuable assets, including our foreign workers on site. We have therefore where possible, provided our self-owned dormitory to accommodate our foreign workers and if not, rented dormitories for them. All our self-owned and leased dormitories are and will only be used to accommodate foreign workers. We have been commended in a Singapore parliament session in March 2012 for maintaining our own self-owned dormitory with good conditions that include the provision of wireless internet services and celebrating festivals such as the Chinese New Year and Deepavali (public holidays in Singapore) with our foreign workers. Please refer to the paragraph headed "Business strategies" in this section where we intend to invest in another property that will include dormitory for our foreign workers as we view that providing our self-owned dormitory which we can manage ourselves is important to our foreign workers' welfare.

COMPETITIVE LANDSCAPE AND MARKET SHARE

As stated in the Frost & Sullivan Report, the M&E industry in Singapore is highly fragmented with over 1,000 contractors registered under the ME05 "Electrical engineering" workhead. The total market size by revenue of M&E industry in Singapore reached approximately S\$1.6 billion in 2016 and the top five players accounted for approximately 17.5% of the total revenue of the M&E industry in Singapore. Among all the players, our Group ranked fifth with a market share of approximately 2.5% in 2016. For further details, please refer to the paragraph headed "Competitive landscape analysis" under the section headed "Industry overview" in this prospectus.

PROJECTS UNDERTAKEN DURING THE TRACK RECORD PERIOD

Completed projects

During the Track Record Period, we had completed 20 projects in Singapore for the Design and Build, and/or installations of various M&E systems. Out of the 20 completed projects, six were in relation to private residential projects, three were mixed residential and commercial developments, seven were educational institutions, two were nursing homes and the remaining two projects were bus depots. Out of the aforementioned 20 completed projects, 10 and 10 projects were private sector and public sector projects respectively. The duration of these completed projects ranged from 10 months to 53 months with an average duration of approximately 31 months. The contract sum of our completed projects during the Track Record Period ranged from approximately S\$1.9 million to approximately S\$18.7 million, with an average contract value of approximately S\$6.4 million. Of the 20 completed projects, nine were Design and Build projects and one project had M&E systems installed off-site on PPVC modules.

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The following table sets forth details of all the 20 completed projects during the Track Record Period:

#	Type of building development	Sector	Scope of works	Contract sum ⁽¹⁾ S\$ million	Contract date	Completion date	Revenue recognised				
							Year ended 31 December			Five months ended 31 May 2017 S\$ million	Track Record Period S\$ million
							2014 S\$ million	2015 S\$ million	2016 S\$ million		
1	Educational institution	Public	Build and installation of M&E systems	18.7	4 December 2014	1 September 2016	*	4.7	13.9	0.1 ⁽²⁾	18.7
2	Private residential	Private	Design and Build, and installation of M&E systems	10.4	13 January 2012	19 December 2014	0.9	—	—	—	0.9
3	Private residential	Private	Design and Build, and installation of M&E systems	9.5	17 July 2013	23 September 2016	0.5	5.3	3.7	—	9.5
4	Private residential	Private	Design and Build, and installation of M&E systems	9.4	25 April 2013	13 April 2016	3.3	5.4	0.4	0.1 ⁽²⁾	9.2
5	Private residential	Private	Design and Build, and installation of M&E systems	8.6	4 April 2011	26 December 2014	*	—	—	—	*
6	Bus depot	Public	Design and Build, and installation of M&E systems	7.1	17 July 2014	30 June 2015	0.1	7.0	—	—	7.1
7	Mixed residential and commercial	Private	Build and installation of M&E systems	6.7	25 April 2014	13 July 2016	1.0	4.7	1.0	—	6.7
8	Educational institution	Public	Build and installation of M&E systems	6.5	27 August 2012	17 November 2014	4.3	—	—	—	4.3
9	Private residential	Private	Design and Build, and installation of M&E systems	6.5	6 June 2011	15 December 2014	0.4	—	—	—	0.4
10	Bus depot	Public	Design and Build, and installation of M&E systems	6.4	9 September 2014	30 June 2015	0.6	5.8	—	—	6.4
11	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	6.0	28 May 2014	18 April 2017	*	0.5	4.5	1.0	6.0
12	Educational institution	Public	Build and installation of M&E systems	5.0	15 April 2011	31 March 2014	*	—	—	—	*
13	Educational institution	Public	Build and installation of M&E systems	4.8	30 December 2011	25 November 2014	0.3	—	—	—	0.3
14	Educational institution	Public	Build and installation of M&E systems	4.4	3 September 2013	15 September 2015	2.7	1.5	—	* ⁽²⁾	4.2
15	Nursing home	Private	Build and installation of M&E systems	4.3	8 May 2013	5 December 2014	3.6	—	—	—	3.6
16	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	3.4	26 March 2013	30 June 2016	0.1	2.5	0.8	—	3.4
17	Educational institution	Public	Build and installation of M&E systems	3.3	11 March 2013	16 January 2015	1.9	0.5	—	—	2.4
18	Nursing home	Public	Build and installation of M&E systems	2.9	7 January 2014	3 July 2015	0.7	2.1	—	0.1 ⁽²⁾	2.9
19	Private residential	Private	Build and installation of M&E systems	2.3	7 March 2013	15 January 2016	1.0	1.3	*	* ⁽²⁾	2.3
20	Educational institution	Public	Build and installation of M&E systems	1.9	20 April 2011	21 May 2014	*	—	—	—	*

Notes:

(1) The contract sum includes variation orders where we performed additional works to that originally contracted.

(2) Certain revenue were recognised subsequent to substantial completion due to additional certified orders.

* negligible

BUSINESS

Ongoing projects

As at 31 May 2017, we had five ongoing projects with an aggregate contract sum of approximately S\$64.2 million of which approximately S\$34.0 million had been recognised as revenue during the Track Record Period. The remaining balance of approximately S\$19.4 million and S\$10.8 million is expected to be recognised as our revenue for the years ending 31 December 2017 and 2018 respectively.

The following table sets forth our ongoing projects as at 31 May 2017:

#	Type of building development	Sector	Scope of works	Contract sum ⁽¹⁾ S\$ million	Contract date	Expected Completion date	Revenue recognised				Revenue to be recognised		
							Year ended 31 December			Five months ended 31 May	Track Record Period	For the seven months ending	
							2014	2015	2016	2017		31 December 2017	31 December 2018
							S\$ million	S\$ million	S\$ million	S\$ million	S\$ million	S\$ million	S\$ million
21	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	21.4	4 January 2016	August 2018	-	*(2)	2.8	7.0	9.8	10.5	1.1
22	Private residential	Private	Design and Build, and installation of M&E systems	18.9	30 October 2013	July 2017	0.7	4.1	10.7	2.9	18.4	0.5	—
23	Institutional	Public	Build and installation of M&E systems	12.8	14 October 2016	July 2018	-	-	0.1	1.9	2.0	5.7	5.1
24	Mixed residential and commercial	Private	Build and installation of M&E systems	7.1	30 March 2017	July 2018	-	-	-	*	*	2.5	4.6
25	Nursing home	Private	Build and installation of M&E systems	4.0	6 October 2015	July 2017	-	*	2.0	1.8	3.8	0.2	—

Notes:

- (1) The contract sum includes variation orders received to-date where we performed additional works to that originally contracted.
- (2) Although the date of contract for Project #21 was 4 January 2016, such project was awarded on 15 December 2015. For the year ended 31 December 2015, we had commenced preparation works for the project and recognised revenue of approximately S\$12,000.

* negligible

Newly awarded projects

Since 31 May 2017 and up to the Latest Practicable Date, we had three newly awarded projects with an aggregate contract sum of approximately S\$21.0 million, of which S\$5.7 million, S\$8.7 million and S\$6.6 million are expected to be recognised as our revenue for the years ending 31 December 2017, 2018 and 2019 respectively.

BUSINESS

The following table sets forth our newly awarded projects from 1 June 2017 to the Latest Practicable Date:

#	Type of building development	Sector	Scope of works	Contract value S\$ million	Expected duration	Revenue recognised up to the Latest Practicable Date S\$ million	Revenue to be recognised after the Track Record Period		
							Year ending 31 December 2017 S\$ million	2018 S\$ million	2019 S\$ million
26	Educational institution	Public	Build and installation of electrical systems	9.0	Third quarter of 2017 to third quarter of 2019	*	2.7	3.6	2.7
27	Private residential	Private	Design and Build, and installation of M&E systems	6.7	Third quarter of 2017 to third quarter of 2019	*	1.7	2.7	2.3
28	Educational institution	Public	Build and installation of electrical systems	5.3	Third quarter of 2017 to June 2019	*	1.3	2.4	1.6

Note:

* negligible

As at the Latest Practicable Date, we have received written confirmations from our customers in respect of the award of the above three projects.

The following table sets out the movement of the number of projects with revenue contribution to us during the Track Record Period:

	Year ended 31 December			Five months ended
	2014	2015	2016	31 May 2017
Projects brought forward from prior year(s)	17	13	12	10
Number of projects which started during the year/ period with revenue contribution	4	2	1	1
Number of projects without revenue contribution for the subsequent years/ period	8	3	3	6
Project carried forward to next period	13	12	10	5

BUSINESS

The table below sets out the movement of contract value corresponding to the above projects during the Track Record Period:

	Year ended 31 December			Five months ended
	2014	2015	2016	31 May
	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	2017
				<i>S\$ million</i>
Outstanding contract value as at the beginning of year/ period	68.6	81.4	61.8	37.5
Contract value of new projects secured and of variation orders	35.0	25.9	15.7	7.5
Revenue recognised during the year/ period	22.2	45.5	40.0	15.0
Outstanding contract value as at the end of year/ period	81.4	61.8	37.5	30.0

As the projects are of different scale with different demands on our internal resources, the number of projects that we undertake at any one time will vary. As seen from the above tables, the number of projects we undertook and the outstanding contract value as at the end of the year/ period were generally lower for the year ended 31 December 2016 and the five months ended 31 May 2017. However, our revenue did not decrease significantly during the Track Record Period as our Executive Directors would review the works to be performed for outstanding projects on an ongoing basis throughout the year and secure new projects during the year/ period to optimise our resources. Moreover, the outstanding contract value as at the end of year/ period may be fulfilled in the subsequent years/ periods given that the average duration of our projects during the Track Record Period was 30 months.

As at 31 May 2017, we had five ongoing projects, whilst subsequent to the Track Record Period and up to the Latest Practicable Date, there are three newly awarded projects. These ongoing as well as newly awarded projects have an aggregate contract sum of approximately S\$85.2 million, of which approximately S\$34.0 million had been recognised as revenue during the Track Record Period and the remaining amounts of approximately S\$25.1 million, S\$19.5 million and S\$6.6 million is expected to be recognised as our revenue for the seven months ending 31 December 2017, and the year ending 31 December 2018 and 2019 respectively. Three of the ongoing projects (Project #21, Project #23 and Project #25) and one newly awarded project (Project #26) were contracted with new customers, whereas two of the ongoing projects (Project #22 and Project #24) and two newly awarded projects (Project #27 and #28) were contracted with recurring customers.

BUSINESS

BUSINESS STRATEGIES

Our primary focus is to strengthen our market position in the M&E industry in Singapore, and we will pursue three main business strategies to achieve our objective:

Expand our business operations and undertake more M&E projects in Singapore

We believe that a strong track record in terms of the type of building developments, the size and complexity of the M&E projects is important for our continual expansion. As such, we will pursue project opportunities with the view to:

- (i) increase the number of projects that we undertake, including taking on projects of similar nature and complexity as that we had undertaken during the Track Record Period; this is important because we understand that our customers will consider a subcontractor's track record before inviting a subcontractor for tender and/or when evaluating a subcontractor's tender proposal. As such, it is important to expand our existing project portfolio to stay relevant and be continued to be considered as an established contractor by our customers; and
- (ii) expand our project portfolio to include M&E projects for types of building developments that we had not or less frequently undertaken during the Track Record Period; out of 25 completed and ongoing projects during the Track Record Period, seven were in relation to private residential projects, five were mixed residential and commercial developments and seven were educational institutions. We had during the Track Record Period undertaken M&E projects in relation to three nursing homes and two bus depot projects. We will continue to take on M&E projects for more varied types of building development so as to establish a strong project track record which can serve to diversify risks related to slower growth in a particular segment of the construction industry and expand our project opportunities. This strategy is consistent with the development trend stated in the Frost & Sullivan Report in the sub-paragraph headed "Development trends" in the paragraph headed "Overview of M&E industry in Singapore" under the section headed "Industry overview" in this prospectus, whereby diversified project profiles will build a strong project track record and serve to diversify risks related to slower growth in a particular segment of the construction industry and expand the project opportunities.

To achieve this business strategy, we have planned for approximately HK\$22.1 million or 16.7% of our net proceeds for the recruitment of additional employees. The nature of our scope of works is labour intensive and as such, we consider it is appropriate to increase our staff strength. We will also use approximately HK\$8.3 million or 6.3% to purchase machinery and equipment, and lorries to support this business strategy. To accommodate the increase in staff strength and machinery and equipment, we also plan to acquire an additional property of approximately HK\$55.0 million or 41.6% of our net proceeds. Hiring additional labour represents a recurring cost, please refer to the risk factor "We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff if our revenue fails to increase proportionately" under the section headed "Risk factors" in this prospectus. Capital expenditures planned for this strategy and other strategies in this section will also result in an increase in depreciation. Please refer to the risk factor "Our business strategies include capital investment which would increase depreciation charges that would reduce our profitability" under the section headed "Risk factors" in this prospectus.

BUSINESS

Investment in additional property for dormitory, increase in storage and office area

We have two self-owned properties, with details of their area and purpose as below. We plan to acquire a third property as the current two self-owned properties will be inadequate to accommodate our planned increase in capital expenditures and employees.

	Owned property	Owned property	Additional property
Location	85 Tagore Lane Singapore 787527	202 Tagore Lane Singapore 787591	Around northern/ central region of Singapore ⁽¹⁾ ; to be identified
Gross floor area	Approximately 1,712 square metres	Approximately 674 square metres	Approximately 985 square metres ⁽¹⁾
Freehold/ leasehold	Freehold	Freehold	Freehold
Purpose of use	Head office, for storage and dormitory	Office, for storage and dormitory	Office, for storage and dormitory
Dormitory capacity: Maximum number of workers	74 workers	41 workers	49 workers ⁽¹⁾
Office area/ departments	Approximately 409.6 square metres/ All departments except design team	Approximately 224.5 square metres/ Design team	Approximately 281.9 square metres/ New teams in relation to our planned expansion of our internal competencies ⁽¹⁾
Storage area/ types of machinery and equipment stored	Approximately 452.0 square metres/ Lifting machinery	Approximately 224.5 square metres/ Lifting machinery	Approximately 294.1 square metres/ Lifting machinery ⁽¹⁾
Method of financing	Fully paid with internal resources	Partial mortgage loan	Net proceeds from the Listing

Note:

- (1) Certain information for our planned investment in the additional property is the estimation by our Executive Directors and the acquired property may differ from these estimates.

BUSINESS

The expected depreciation expense (for the building portion) associated with our planned investment in the additional property is expected to be approximately S\$83,000 per annum for 30 years commencing from the year ending 31 December 2019. As shown above, this freehold property is expected to have dormitory facilities that is able to house 49 foreign workers. Based on our historical dormitory rates, the annual rental expenses for dormitory to house 49 foreign workers will be approximately S\$176,000. Moreover, based on current market rental rate, the annual rental expenses for a property with comparable office area and storage area respectively is approximately S\$186,000. Comparing the combined rental expenses (net of expected depreciation) to the estimated cost of the additional property of approximately S\$10.0 million, the latter would be equivalent to approximately 36 years of rental expenses. Our Executive Directors are therefore of the view that it would be more financially prudent to own instead of rent, as the price of industrial property in Singapore is relatively stable (as the industrial price index was 103.5 in 2013 and declined slightly to 101.2 in 2016). Furthermore, with our self-owned dormitories, we are able to better monitor and manage the quality of the dormitories and provide improved welfare for our foreign workers. As mentioned in the paragraph headed “Competitive strengths” in this section, we consider our human resources as valuable assets, including our foreign workers.

As at the Latest Practicable Date, we had 225 foreign employees (including site foreign workers and other foreign employees), of which 203 foreign workers required our provision of dormitory. Even with the additional property, we will not be able to accommodate all of them at our self-owned dormitories as the capacity of our two self-owned properties and the additional property is 164. In this regard, we have considered the possibility of purchasing a property that is large enough to house all existing and future foreign workers, but have concluded that it is less commercially and financially viable for the reasons below:

- (i) a larger property that can be used for office, storage and housing our workers (including foreign workers currently housed at the leased property and additional workers to be hired under the future plans which exceeds 100 persons) is more expensive, and the number of such properties which is available for sale in our desired location is limited;
- (ii) maintaining a mixture of self-owned and leased properties for this purpose affords us more operational flexibility during periods of economic uncertainty when, for example, we have to downsize our workforce; and
- (iii) purchasing such larger property at this juncture will reduce the amount of net proceeds that can be deployed for other aspects of our business which we consider essential for our expansion plan.

Having considered the above, our Executive Directors believe that the parameters of the aforesaid additional property to be purchase are optimal for our current operational plans. All our self-owned dormitories are and will only be used to accommodate our foreign workers.

BUSINESS

Other information with respect to the planned additional property is as below:

	Planned additional property	Assumptions/ Remarks
Timing of payment	Around end of December 2018	It would take approximately six months to identify a suitable location, negotiate and finalise the sale and purchase agreement.
Breakeven period/ investment payback period	33 years	Based on abovementioned estimated annual rental cost savings.

Expand our internal competencies to provide a broader scope of works

We believe that expanding our internal competencies in relation to the design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems will expand our project opportunities. For example, it enhances our ability to tender for M&E projects with a broader scope of works, and allows us to also take on projects that mainly relate to design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems (please refer to the table under the section headed “Future plans and use of proceeds” in this prospectus for the additional projects that we can take on with our planned increase in employees). The planned increase in employees (a total of 43 employees) include eight project managers, 11 engineers and 24 foreign workers who specialise in designing and installing air-conditioning and mechanical ventilation systems, and fire protection systems. This will also have the effect of reducing our subcontracting costs in relation to the abovementioned scope of works and improve the profit margin of our projects. Although the subcontracting costs of approximately S\$0.4 million, S\$0.9 million and S\$0.7 million for the years ended 31 December 2014 and 2016, and the five months ended 31 May 2017 respectively had not been material, it was partly the result of us not tendering for projects where a significant portion of works had to be subcontracted. Moreover, as disclosed in the sub-paragraph headed “Pricing and tender strategy” in paragraph headed “Sales and Marketing” under this section, generally for projects whereby we do not need to engage significant subcontracting services, our gross profit margins were in the range of 30.0% to 50.0% during the Track Record Period. Nevertheless, we accepted certain projects with lower gross profit margins which required a relatively high portion of subcontracting works (when our Directors view that it would be strategic for our portfolio of projects and/or customers), our gross profit margins of such projects were lower in the range of 20.0% to 30.0% during the Track Record Period. This strategy is consistent with the development trend stated in the Frost & Sullivan Report in the sub-paragraph headed “Development trends” in the paragraph headed “Overview of M&E in Singapore” under the section headed “Industry overview” in this prospectus, whereby industry consolidation will see contractors expanding their internal resources. As such, our Directors believe that broadening our internal competencies would have the impact of improving the profitability of our projects by reducing the need to engage subcontractors, and will allow us to remain competitive. To achieve this business strategy, we have planned for approximately HK\$37.9 million or 28.7% of our net proceeds for the recruitment and retention of employees who have the relevant expertise.

Invest in technology and human resources in relation to Building Information Modelling (“BIM”)

BIM is a technology to improve productivity and level of integration across various disciplines across the entire construction value chain, including for M&E contractors. In an article published in a local magazine (in November/ December 2015 issue), the BCA commended us for adopting construction technologies including BIM, which can be used to create three-dimensional models of design drawings so that potential problems (if any) can be tackled with the three-dimensional visualisation. Certain of our customers may also require their subcontractors to adopt BIM for synergistic collaborations across various contractors in a construction project. Although we have one staff who is able to create the three-dimensional drawings, BIM encompasses a broader scope of skillsets and know-how and to this end, we planned to utilise approximately HK\$2.7 million or 2.0% of our net proceeds for the recruitment and retention of employees who have the relevant expertise, and setting up expenses in relation to software to cater for BIM enhancement.

Please refer to the section headed “Future plans and use of proceeds” in this prospectus for further details on the estimated timing for the implementation of our business strategies and expected expenditures.

MAIN REGISTRATIONS AND LICENCES

We hold a number of registrations and licences which enable us to carry on our businesses. In particular, we are graded L6 under the ME05 “Electrical engineering” workhead, L5 under the ME15 “Integrated building services” workhead and L4 under the ME04 “Communication and security systems” workhead which allow us to tender directly for Singapore public sector projects of unlimited amount, up to S\$13.0 million and up to S\$6.5 million respectively. We also hold a Telecommunication Wiring Contractor’s (Class) Licence from 19 August 2002. For further details of our registrations and licences, please refer to the paragraph headed “Licensing regime for contractors in Singapore” under the section headed “Regulatory overview” in this prospectus.

Our Executive Directors are of the view that our existing registrations under the Contractors Registration System are adequate for our business needs. Our Directors confirm that our Group has obtained all the necessary registrations and licences which are required to carry on our principal business activities in Singapore during the Track Record Period and up to the Latest Practicable Date. Our Singapore Legal Advisers confirm that nothing has come to its attention that our Group has not obtained all the necessary registration and licences which are required to carry on our principal business activities in Singapore during the Track Record Period and up to the Latest Practicable Date.

Requirements for maintaining our registrations and licences

Our ability to maintain our registrations under the Contractors Registration System and our Telecommunication Wiring Contractor’s (Class) Licence are crucial to our business operations. Please refer to the risk factor “Inability to renew our existing registrations and licences or cancellation or suspension of our existing registrations and licences could materially affect our operations and financial performance” under the section headed “Risk factors” in this prospectus for further information.

BUSINESS

There are certain financial, personnel, track record, certification and other requirements that we have to comply with in order to maintain such registrations and licences, which are set forth in detail in the paragraph headed “Licensing regime for contractors in Singapore” under the section headed “Regulatory overview” in this prospectus.

Personnel requirements

One of such requirements is in relation to the employment of management and technical personnel, which are set forth in detail in the paragraph headed “Licensing regime for contractors in Singapore” under the section headed “Regulatory overview” in this prospectus.

Our Executive Directors confirm that during the Track Record Period and up to the Latest Practicable Date, all such personnel requirements were fully complied with and were satisfied by our employment of the following management and technical personnel as disclosed in the following tables; for the roles and qualifications of the management and technical personnel, please refer to the section headed “Directors and senior management” in this prospectus.

Below is a table summarising the personnel requirements under our registered workhead, including their identities, roles and qualifications.

<u>Workheads</u>	<u>Personnel requirements (Note 1)</u>	<u>Identities of the personnel</u>
CR07 (L1)	One T with BCCPE	Note 2
ME01 (L3)	Two T, at least one RP/P/T with BCCPE	Note 2 and Note 4
ME02 (L1)	One T, at least one RP/P/T with BCCPE	Note 2
ME04 (L4)	Two T, one with at least five years of relevant experience, at least one RP/P/T with BCCPE	Note 2 and Note 4
ME05 (L6)	Two RP/P, both with at least five years of relevant experience, at least one RP/P with SDCP/CCPP	Note 3 and Note 5
ME06 (L2)	One T with at least three years of relevant experience, at least one RP/P/T with BCCPE	Note 2
ME08 (L1)	One T, at least one RP/P/T with BCCPE	Note 2
ME15 (L5)	One RP/P or two T, one with at least eight years of relevant experience, at least one RP/P/T with BCCPE	Note 2
	In addition, (a) one P who also holds a MEC or one P and one MEC holder, or (b) two T, one of whom must have at least eight years of relevant experience and either one holding a MEC.	Note 4 and Note 6

BUSINESS

Notes:

- (1) Please refer to the paragraph headed “Licensing regime for contractors in Singapore” under the section headed “Regulatory overview” in this prospectus for the definitions of “RP”, “P”, “T”, “BCCPE”, “CCPM”, “SDCP”, “CCPP” and “MEC”.
- (2) T with at least eight years of relevant experience and BCCPE: Mr. Kenneth Teo, Mr. Tay Yong Meng or Mr. Tay Li Bert
- (3) RP/P/T with at least eight years of relevant experience and CCPM: Mr. Tay Li Bert
- (4) T with at least eight years of relevant experience includes Mr. Tay Yong Meng, Mr. Kenneth Teo, Mr. Tan Boon Pin or Mr. Tay Li Bert
- (5) RP/P/T with at least eight years of relevant experience includes Mr. Kenneth Teo, Mr. Tan Boon Pin or Mr. Tay Li Bert
- (6) T holding MEC with at least eight years of relevant experience includes Mr. Tay Yong Meng or Mr. Tay Yong Pore

As described under section headed “Regulatory overview” in this prospectus, the above requirements are subject to change from time to time at BCA’s discretion, and contractors registered under the Contractors Registration System are required to comply with such amended requirements within the timeframes stipulated by BCA. On an on-going basis, our Group will ensure that our employees possess the relevant qualification(s) to fulfill the latest requirement of BCA within the stipulated timeframes.

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 of 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 registrations and licences.

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Certification requirements

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

Qualification/ Licence/Grading	Relevant authority/ organisation	Relevant list/category	Date of first grant/registration	Date of expiry
ISO 9001:2008	Singapore Accreditation Council (SAC)	Quality management system for the scope of Design and Build, and installation of M&E works for general building construction	13 December 2000	22 June 2018
OHSAS 18001:2007	Singapore Accreditation Council (SAC)	Occupational health and safety management system for the scope of Design and Build, and installation of M&E works for general building construction	30 December 2011	29 December 2017 ⁽¹⁾
bizSAFE STAR	Workplace Safety and Health Council	bizSAFE	4 November 2010	29 December 2017 ⁽¹⁾

Note:

- (1) As at the Latest Practicable Date, we are in the process of scheduling the surveillance audit to be performed by the relevant authority/organisation for the renewal of certifications.

SALES AND MARKETING

Marketing activities

We do not have a dedicated marketing and sales team but instead rely on our Executive Directors for maintenance and acquisition of existing/ new customer relationships. During the Track Record Period, we did not engage in material marketing activities other than our Executive Directors' engagement with our customers. As we have been established in Singapore for over 25 years, our main source of project opportunities comes from invited tenders by private customers who may be returning customers or know us from word-of-mouth recommendation. We will also monitor the GeBIZ for new and upcoming public sector projects, and thereafter approach private customers who we know are likely to tender or have tendered for these projects for possible participation in the M&E engineering scope of works.

Pricing and tender strategy

Our pricing is based on markups over our estimated projects costs, which are mainly our material costs, labour costs, subcontracting costs and overheads. Pricing is one of the key considerations of tender evaluation by private customers, and also directly affects our project profit margin. It is therefore critical that we are able to estimate our costs effectively, and by the same measure, possess the requisite personnel with adequate experience to properly evaluate a tender opportunity. Please refer to the paragraph headed “Competitive strengths” in this section for further details of the influence of our competitive strengths on our ability to execute projects profitably. All tender proposals require the approval of our Executive Directors before submission to our customers.

Typically when we receive an invitation to tender, our contract team will first prepare a contract review checklist to evaluate the customer (for instance, market reputation with regard to prompt payment to subcontractors) and the availability and capability of our internal resources to fulfil the scope of works (including whether we will have to engage subcontractors). Our Executive Directors and/or our General Manager will decide if the contract team should proceed to prepare the tender proposal. Their considerations also include the type of building development, size, value, timing and complexity of the project, and whether there are strategic considerations for taking on the project either to build our client or project portfolio.

Should we decide to pursue further, the tender documents will be collected and detailed cost estimation carried out based on an in-depth evaluation of the project specifications. Factors that will be taken into our pricing consideration include project schedule, availability of resources, the costs involved, type and value of projects, project complexity and scope of works, competitive environment and prevailing market conditions. For the costs involved, it will include materials, staff and subcontracting costs. For material costs, it will depend on the project requirements (or specifications if expressly stated) and including if we are to procure certain materials for the purpose of achieving the desired Constructability Score (please refer to the paragraph headed “M&E services — Code of Practice on Buildability” in this section). We will obtain quotations from our suppliers and subcontractors for all major categories of purchases.

Staff costs comprise both our own planned allocation of manpower as well as contractually required dedicated manpower for the project, for instance, certain contracts may require us to assign dedicated project manager, supervisor, engineer and/or safety supervisor.

In general, our markup over estimated project costs is determined on a case-by-case basis based on the abovementioned considerations. There is no particular markup range for M&E projects of different type of building development, nor size of projects. Instead, generally for projects whereby we do not need to engage significant subcontracting services, our gross profit margins were in the range of 30.0% to 50.0% during the Track Record Period. Nevertheless, we had also accepted certain projects with a relatively high portion of subcontracting works (when our Directors view that it would be strategic for our portfolio of projects and/or customers) that had resulted in a lower gross profit margins in the range of 20.0% to 30.0% during the Track Record Period. Please refer to the paragraphs headed “M&E services – Subcontracted M&E works” and “Subcontractors” in this section for further details.

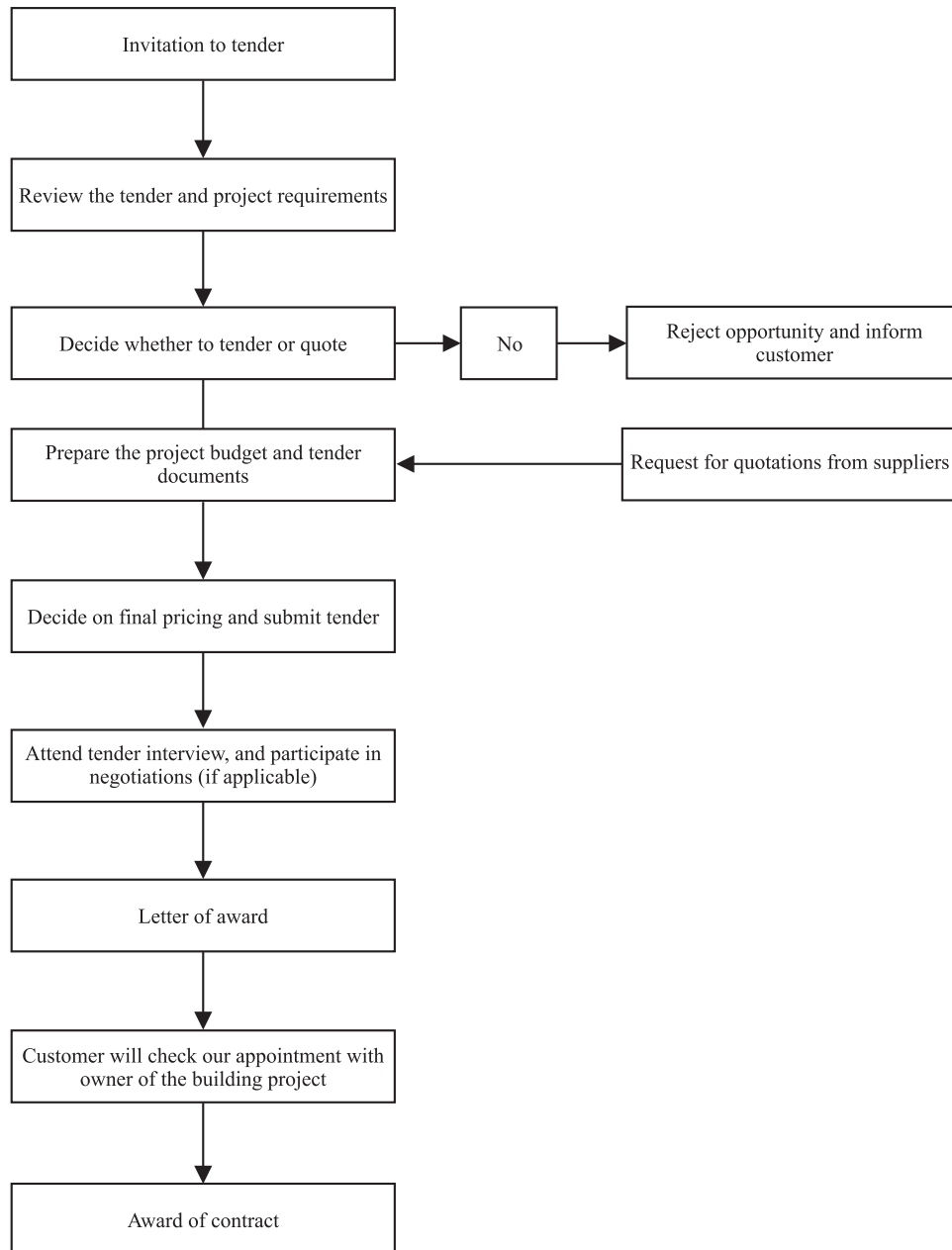
BUSINESS

Our tender proposal is typically valid for 30 days, and to be approved by our Executive Directors. Should there be negotiation or the tender takes longer than 30 days to finalise, we will submit a revised fee quotation. However, once a letter of award is furnished to us within the validity period of our tender proposal, we are obliged to fulfil the contract at the agreed fee unless in instances of variation orders.

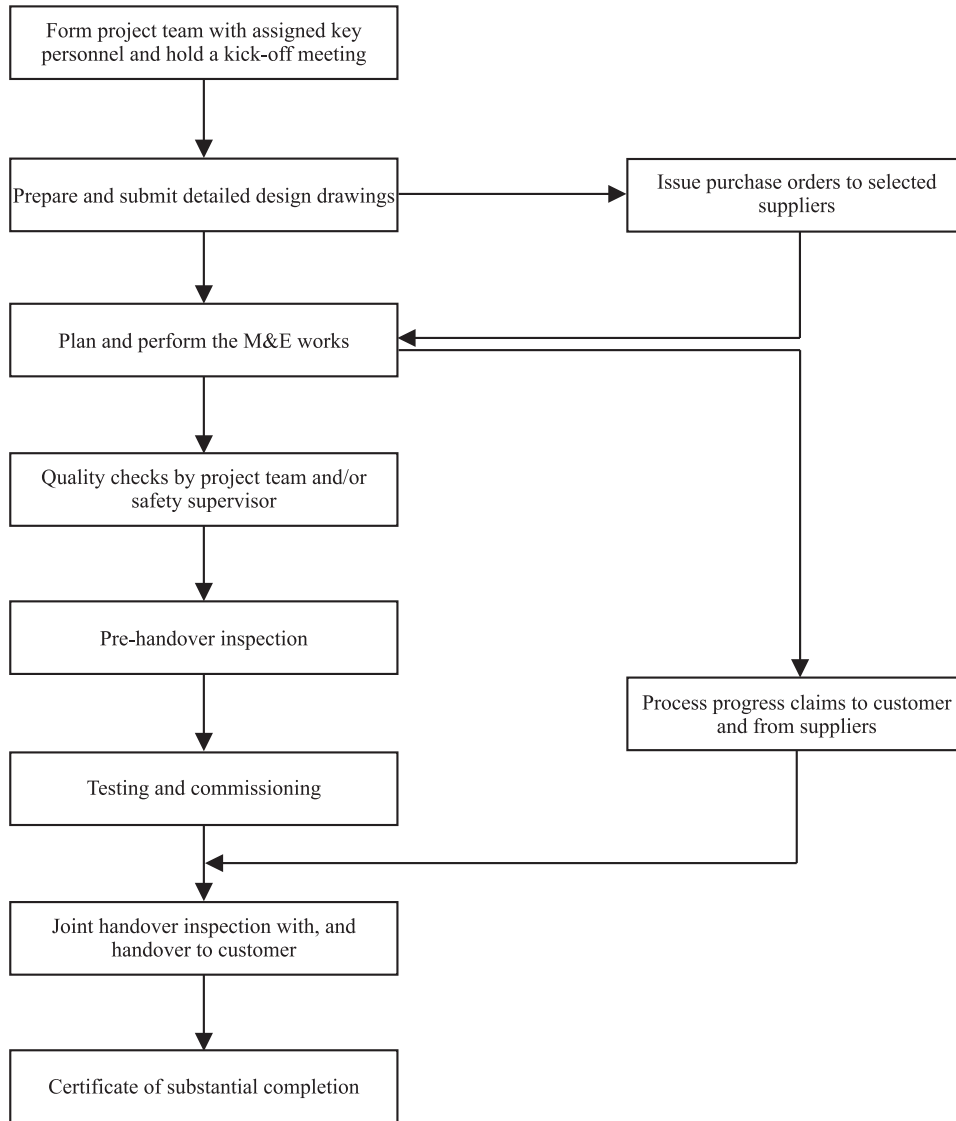
PROJECT MANAGEMENT AND OPERATIONS

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

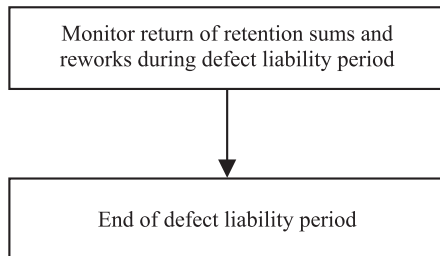
Tender phase



Project implementation phase



Post-project phase



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Tender phase

Our projects come mainly from invitations to tender from private customers. For more information on our marketing activities, pricing and tender strategy, please refer to the paragraph headed “Sales and marketing — Pricing and tender strategy” in this section.

Subsequent to the submission of the tender proposals, we may be requested to attend tender interviews and engage in further negotiations. If successful, a letter of award will be issued to us and typically will include a clause that our appointment is subject to the confirmation of the owner of the building project (i.e. the end customer). Once our appointment is confirmed, the contract will be awarded. We keep track of tenders which we have submitted in an internal report, with information such as (i) project names/ description; (ii) tender sum; (iii) tender submission dates; and (iv) tender closing dates.

Tender success rate

The following table sets forth our tender success rates for private and public sector projects during the Track Record Period:

	Year ended 31 December				Five months ended 31 May 2017			
	2014		2015		2016		2017	
	<i>Number of projects awarded⁽¹⁾</i>	<i>Success rate (%)⁽²⁾</i>	<i>Number of projects awarded⁽¹⁾</i>	<i>Success rate (%)⁽²⁾</i>	<i>Number of projects awarded⁽¹⁾</i>	<i>Success rate (%)⁽²⁾</i>	<i>Number of projects awarded⁽¹⁾</i>	<i>Success rate (%)⁽²⁾</i>
Private sector projects	1	20.0	1	14.3	1	16.7	1	50.0
Public sector projects	<u>1</u>	<u>20.0</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>50.0</u>	<u>—</u>	<u>—</u>
Total	<u>2</u>	<u>20.0</u>	<u>1</u>	<u>10.0</u>	<u>3</u>	<u>30.0</u>	<u>1</u>	<u>20.0</u>

Notes:

- (1) Number of projects awarded is computed based on those awarded contracts which tenders were submitted during the year/period. We had tendered for (i) Project #6 and Project #21 during the year ended 31 December 2014; (ii) Project #25 during the year ended 31 December 2015; (iii) Project #23, Project #24 and Project #26 during the year ended 31 December 2016; and (iv) Project #27 during the five months ended 31 May 2017. As the projects may be awarded in the same year or subsequent year after the projects had been tendered, there is a difference in the total number of projects awarded to our Group (i.e. eight projects as set out in the following table) during the Track Record Period as compared to the number of awarded projects set out in the table above.
- (2) Tender success rate is computed based on the number of contracts awarded (whether awarded in the same period or subsequently) which was tendered during the year/period divided by total number of tenders submitted during those respective year/period.

It should be noted the above tender success rates do not reflect matters such as the type, size and contract value of projects bid for and awarded in each period. However, we set out the above to give investors a general idea of the success rates recorded by our Group during the Track Record Period.

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During the Track Record Period, there had been no change in our tender strategy, which depends on the number of projects we have on hand, our available capacity in terms of manpower and the budgeted project profit margin which in turn depends on a number of factors pertaining to the project and the competitive environment. In general, our strategy is to submit more tenders than we have available capacity to allow us to keep abreast of latest market environment, changing customers' and/or industry requirements and pricing level of our competitors which are useful for our strategic planning and securing future tenders in similar projects. There was no instance of us being awarded projects beyond our available resources which resulted in us incurring cost overruns due to the engagement of subcontractors. Given our tender strategy and in view of our financial performance during the Track Record Period and our projects on hand as at the Latest Practicable Date, our Directors consider that our overall tender success rate during the Track Record Period had been satisfactory. Please refer to the paragraph headed "Projects undertaken during the Track Record Period" in this section for further details of the movement of our projects and projects on hand.

During the Track Record Period, we were awarded with eight projects, of which four were private sector projects and four were public sector projects. In particular, our Group had completed 20 projects during the Track Record Period, of which four were awarded during the Track Record Period (16 projects were awarded prior to the Track Record Period). As at 31 May 2017, we had five ongoing projects, of which four were awarded during the Track Record Period (one project was awarded prior to the Track Record Period). Our projects had been secured through competitive tenders during the Track Record Period and up to the Latest Practicable Date. The following table sets forth the date of tender submission, award and commencement, and the revenue recognised for these awarded projects during the Track Record Period:

	Date of tender submission, award and commencement	Revenue recognised			
		Year ended 31 December			Five months ended 31 May
		2014 S\$ million	2015 S\$ million	2016 S\$ million	2017 S\$ million
<i>Private sector projects</i>					
Project #11	Tender submitted in September 2013, contract awarded in May 2014 and project commenced in May 2014	*	0.5	4.5	1.0
Project #21	Tender submitted in November 2014, contract awarded in December 2015 and project commenced in January 2016	—	*	2.8	7.0
Project #24	Tender submitted in April 2016, contract awarded in January 2017 and project commenced in March 2017	—	—	—	*
Project #25	Tender submitted in May 2015, contract awarded in October 2015 and project commenced in October 2015	—	*	2.0	1.8

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	Date of tender submission, award and commencement	Revenue recognised			
		Year ended 31 December			Five months ended 31 May
		2014 S\$ million	2015 S\$ million	2016 S\$ million	2017 S\$ million
<i>Public sector projects</i>					
Project #1	Tender submitted in October 2013, contract awarded in December 2014 and project commenced in December 2014	*	4.7	13.9	0.1
Project #6	Tender submitted in March 2014, contract awarded in July 2014 and project commenced in July 2014	0.1	7.0	—	—
Project #10	Tender submitted in December 2013, contract awarded in September 2014 and project commenced in September 2014	0.6	5.8	—	—
Project #23	Tender submitted in June 2016, contract awarded in October 2016 and project commenced in October 2016	—	—	0.1	1.9

* *negligible*

Subsequent to the Track Record Period and up to the Latest Practicable Date, we were also awarded with three projects. During the Track Record Period and up to the Latest Practicable Date, we had completed 22 projects. As at the Latest Practicable Date, we had six ongoing projects (i.e. Project #21, Project #23, Project #24, Project #26, Project #27 and Project #28). For details of our (i) completed projects; (ii) ongoing projects; and (iii) newly awarded projects during the Track Record Period and up to the Latest Practicable Date, please refer to the paragraph headed “Projects undertaken during the Track Record Period” in this section.

As set out in the table above, the average lead time between award of contract and commencement of projects was typically within a month. All of the above contracts awarded had commenced works and as at the Latest Practicable Date, there were no contract awarded for which work had not commenced. Please refer to the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus for details on the revenue contribution of the abovementioned projects during the Track Record Period and the expected revenue contribution after the Track Record Period.

Project implementation phase

Upon the award of the contract, a project team will be formed and there will be an internal project team meeting. Tender/ contract documents will be handed over to the project team which include the tender documents, clarifications/ amendments made in respect to tender, and contract and project specifications. A kick-off meeting will be held between the project team and our customer, its appointed consultant or other relevant parties. Our projects are headed by a project

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manager with a team consisting of project coordinator, site supervisor, foreman, electrician/technician. Our project manager has the overall responsibility to manage the project, in terms of meeting both the timing and project specifications.

The design team will prepare and submit the detailed drawings, material specification or method statements, as the case may be, to our customer for approval. Please refer to the paragraph headed “M&E services – Design and Build” in this section for details on the design portion of our Design and Build scope of works. Concurrently, our project manager will carry out the manpower resources, materials and equipment planning to meet the specified schedule obtained from our customer.

Our contract and purchasing teams will contact the suppliers and/or subcontractors that we have obtained quotations from during the tender phase, and may further negotiate on the pricing and contract terms with them. Our purchasing and project teams will ensure that the materials are as per stated in the material list, including conformance to project’s material specifications. Our Executive Directors and/or our General Manager will approve the purchase orders for the major supplies that will be used in the project. Once approval is obtained, we will arrange for the signing of contract/ purchase order and the supplier is obligated to fulfill the delivery at the agreed price and in accordance with the specified schedule. Please refer to the paragraph headed “Suppliers” in this section for further details on our assessment criteria of suppliers on our approved suppliers list.

Once the design drawings are approved by our customers, including three-dimensional drawings in line with BIM for certain projects, we will proceed with the installation of the M&E systems. This is usually performed at the work site, but may also be performed offsite on PPVC modules. Please refer to the paragraph headed “M&E services – Code of Practice on Buildability” in this section for off-site PPVC M&E installation. Our appointed project team member or our safety supervisor shall conduct periodic or daily inspections of our works performed.

Our accounting team is responsible for recording of accounts payables, receivables and preparation of progress claims and invoices. Our project team will coordinate with them on the progress claims to be made to our customers (typically on a monthly basis), based on the progress of works performed. Upon receiving our progress claim, our customer will have its own personnel to review and approve the progress claim. Approved progress claims will be supported by a payment certificate issued by our customers to us, and we will then proceed to prepare and issue the corresponding invoice to our customers. Our credit terms to our customers are typically up to 35 days and credit terms from our suppliers are from 60 to 90 days. Typically 5% of the approved progress claims will be retained by our customer as retention monies.

Upon completion of all the contracted scope of works, our project manager will initiate a pre-handover inspection and carry out any rectification works required. Upon completion of the rectification works, if any, our project manager will arrange for testing and commissioning of the systems, including to ensure the proper functioning of systems such as electrical-based system, CATV system and telephone cabling system. There is also a document stating that power to the

building can be turned on successfully. Our project manager will follow-up with a joint handover inspection with our customer, followed by handover to our customer along with the as-built drawings, operations and maintenance manuals.

There may also be instances of variation orders where specification and scope of works are amended from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers, these will be separately negotiated. In instances where our customers require performance bonds with an insurer or a financial institution made in favour to them, our administration department will coordinate with the insurer or a financial institution and ensure that it is appropriately discharged at the end of the contract.

Post-project phase

Upon the completion and handover of our projects, we will typically receive a certificate of substantial completion from our customer, which indicates that our works have been completed, inspected and approved. From the date of substantial completion of our construction works, the defect liability period commences 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 substantial completion, usually 2.5% of the contract amount shall be released to us and the balance of the retention monies, being 2.5% of the contract amount, upon expiry of the defect liability period. During the Track Record Period, no deduction was made against the retention monies.

QUALITY CONTROL

We have a quality management system in place to ensure that we (i) provide consistent services that meet the requirements of our customers and applicable regulations; and (ii) address customer satisfaction through our quality and continual improvement processes. Our quality objectives are to reduce the incidents in relation to workplace safety matters to no more than two incidents per project, and to handover our projects within the contracted handover date. Our relevant quality control processes cover:

(i) Purchasing

As elaborated in the paragraph headed “Suppliers” in this section, we have an approved suppliers list and our purchaser and/or project engineer will perform an assessment of the suppliers based on various performance indicators. The supplier will be removed from the approved suppliers list if the overall assessment score falls below the minimum score.

(ii) In-coming inspection

Our purchaser and site supervisor shall ensure that supplies received are in accordance to the purchase order and perform incoming inspection. Our procedures include visual inspection, quantity count and checking to ensure that they are in accordance to the contract specifications or requirements. Materials are typically sent directly to the work site, and our store mainly holds nuts and bolts, and insignificant amount of materials for emergency project use.

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

All partial and completed works have to be properly preserved to prevent damage on-site. On-site quality checks are conducted daily or when ready for inspection, for instance:

- Site performance testing to ensure that M&E systems are installed as per customers' requirements;
- Pre-handover inspection conducted to rectify any defective works before handover inspection;
- Testing and commissioning of the installed M&E systems; and
- Handing over inspection that is carried out jointly with our customer.

(iv) Quality checks for off-site PPVC M&E installations

Should part of our M&E installations be required to be performed off-site, we will similarly carry our site performance testing to ensure that the M&E systems are properly installed in each PPVC module. If we have engaged subcontractors for the off-site PPVC M&E installation at the customer-designated overseas location (for instance, in the PRC), our project team member will perform inspection at the off-site location at various stages of the works, mainly at the initial stage to ensure that the installation works are properly carried out for the first PPVC module. Prior to the shipment of the PPVC modules to the on-site location, our customer (the main contractor) will have its project team to ensure that each PPVC module is constructed as specified, including but not limited to the installation of M&E works. At on-site, our project team will perform quality checks to ensure that each PPVC module can be properly and safely connected to the next module.

(v) Feedback

We will obtain feedback from our customers upon completion of project to gauge our performance level and to identify any areas of improvement. The indicators in the feedback form include (i) our customer service, in areas such as our staff's attitude, conduct, professionalism, skill level and safety awareness; and (ii) our quality of work, in areas such as the satisfaction with our services, condition of our machinery and equipment and overall services. We also have a complaint handling process, whereby upon receipt of complaint, a customer complaint report will be initiated and a project manager will be assigned to

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investigate and establish the root cause of the complaint. Preventive, corrective and/or improvement actions are then to be taken and the customer complaint report is to be closed when the appropriate actions have been taken to the satisfaction of our customers. We also conduct annual internal audit to identify areas for continual improvement, in particular those to ensure compliance with ISO 9001:2008 standards. No material complaints were received during the Track Record Period.

Subsequent to the completion of every project, we will also conduct an internal meeting to review our performance and to discuss if any procedure or process step has to be improved in subsequent projects.

CUSTOMERS

Type of customers

As our scope of works typically fall under a broader scope of works undertaken by a main contractor for a building development project (whether public or private sector project), our customers during the Track Record period were private customers, mainly main contractors in Singapore. Our five largest customers during the Track Record Period included branches and subsidiaries of public-listed corporations, main contractors with A1 grading under the construction workhead CW01 “General building” (the highest grading with unlimited tender value for public sector projects), and also companies that engage in civil engineering, building facilities and infrastructure management. For the three years ended 31 December 2016 and the five months ended 31 May 2017, we had 17, 13, 9 and 10 customers with revenue contribution to us respectively.

Five largest customers

For the three years ended 31 December 2016 and the five months ended 31 May 2017, revenue from our five largest customers during each of those years/ period amounted to approximately S\$17.8 million, S\$36.9 million, S\$37.6 million and S\$14.5 million, representing approximately 80.0%, 81.1%, 94.0% and 96.9% of our revenue respectively. Revenue from our largest customer in each of the years/ period during the Track Record Period amounted to approximately S\$5.3 million, S\$10.0 million, S\$14.4 million and S\$7.0 million, representing approximately 23.7%, 22.1%, 36.0% and 46.5% of our revenue respectively.

Notwithstanding that over 80% of our revenue was contributed by our five largest customers during the Track Record Period, our Directors consider that our business model is sustainable as (i) the five largest customers during the Track Record Period were represented by 13 distinct customers, and out of which two, three, three and one were new customers for the corresponding periods; (ii) we have in aggregate secured projects from nine new customers during the Track Record Period; and (iii) two high value projects contributed an aggregate revenue of approximately S\$24.6 million (out of total revenue of approximately S\$40.0 million) for the year ended 31 December 2016, and one high value project contributed revenue of approximately S\$7.0 million

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(out of total revenue of approximately S\$15.0 million) for the five months ended 31 May 2017 that resulted in a higher percentage of revenue contribution by the five largest customers for that year/period.

The following table sets forth our five largest customers and their revenue contribution for each of the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively:

For the year ended 31 December 2014

Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>S\$ million</i>	% of revenue of our Group
1	Customer A	A Singapore private company incorporated in 1979, a subsidiary of a listed company on the Singapore stock exchange. Its businesses include construction, property development and property investment. It is an A1 graded contractor under CW01 "General building" workhead.	S\$475.73 million	S\$199.3 million	2008	Design and Build, and installation of M&E systems	Payable by bank transfer; 35 days credit term	5.3	23.7
2	Customer B	A Singapore private company incorporated in 1979. Its businesses include building works and civil engineering works. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2012	Build and installation of M&E systems	Payable by cheque; 30 days credit term	4.3	19.1
3	Customer C	A Singapore private company incorporated in 1987. It is a commercial fit-out specialist. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2013 ⁽¹⁾	Build and installation of M&E systems	Payable by cheque; 30 days credit term	3.6	16.3

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Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>S\$ million</i>	% of revenue of our Group
4	Customer D	A Singapore private company incorporated in 1990. Its businesses include providing full turnkey services in the construction sector. It is an A2 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2013 ⁽¹⁾	Build and installation of M&E systems	Payable by cheque; 35 days credit term	2.7	12.2
5	Customer E	A Singapore private company incorporated in 1989. Its businesses include building works and civil engineering works in public and private sectors. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2011	Build and installation of M&E systems	Payable by cheque; 35 days credit term	1.9	8.7
Total								17.8	80.0

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For the year ended 31 December 2015

Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>US\$ million</i>	% of revenue of our Group
1	Customer A	A Singapore private company incorporated in 1979, a subsidiary of a listed company on the Singapore stock exchange. Its businesses include construction, property development and property investment. It is an A1 graded contractor under CW01 "General building" workhead.	S\$475.73 million	S\$199.3 million	2008	Design and Build, and installation of M&E systems	Payable by bank transfer; 35 days credit term	10.0	22.1
2	Customer F	A Singapore branch of a listed company on the Korea stock exchange. Its businesses include general building and civil engineering works. It is an A1 graded contractor under CW01 "General building" workhead.	KRW2.6 trillion (equivalent to S\$3.2 billion) ⁽⁴⁾	KRW11.1 trillion (equivalent to S\$13.7 billion) ⁽⁴⁾	2013 ⁽¹⁾	Design and Build, and installation of M&E systems	Payable by cheque; 30 days credit term	9.4	20.6
3	Customer G	A Singapore private company incorporated in 1997. It is engaged in civil engineering, infrastructures, earthworks and building. It is an A2 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2014 ⁽¹⁾	Design and Build, and installation of M&E systems	Payable by cheque; 35 days credit term	7.0	15.3
4	Customer H	A Singapore private company incorporated in 1983, a subsidiary of a listed company on the Singapore stock exchange. It is engaged in various civil infrastructure projects. It is an A1 graded contractor under CW02 "Civil engineering" workhead.	S\$30.3 million	S\$117.2 million	2014 ⁽¹⁾	Design and Build, and installation of M&E systems	Payable by cheque; 30 days credit term	5.8	12.8

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Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>S\$ million</i>	% of revenue of our Group
5	Customer I	A Singapore private company incorporated in 1970, a subsidiary of a listed company on the Singapore stock exchange. It is engaged in building, civil engineering, piling, power station, toll road, conservation, restoration, upgrading and overseas projects. It is an A1 graded contractor under CW01 "General building" workhead and CW02 "Civil engineering" workhead.	S\$74.4 million	S\$276.8 million	2014	Build and installation of M&E systems	Payable by cheque; 35 days credit term	4.7	10.3
Total								36.9	81.1

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For the year ended 31 December 2016

Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>US\$ million</i>	% of revenue of our Group
1	Customer F	A Singapore branch of a listed company on the Korea stock exchange. Its businesses include general building and civil engineering works. It is an A1 graded contractor under CW01 "General building" workhead.	KRW2.6 trillion (equivalent to S\$3.2 billion) ⁽⁴⁾	KRW11.1 trillion (equivalent to S\$13.7 billion) ⁽⁴⁾	2013	Design and Build, and installation of M&E systems	Payable by cheque; 30 days credit term	14.4	36.0
2	Customer I	A Singapore private company incorporated in 1970, a subsidiary of a listed company on the Singapore stock exchange. Its is engaged in building, civil engineering, piling, power station, toll road, conservation, restoration, upgrading and overseas projects. It is an A1 graded contractor under CW01 "General building" workhead and CW02 "Civil engineering" workhead.	S\$82.4 million	S\$276.8 million	2014	Build and installation of M&E systems	Payable by cheque; 35 days credit term	13.9	34.7
3	Customer J	A Singapore private company incorporated in 1992, a subsidiary of a listed company on the Euronext. Its businesses include engineering and construction. It is an A1 graded contractor under CW01 "General building" workhead.	EUR15.5 billion (equivalent to S\$25.8 billion) ⁽⁴⁾	EUR31.8 billion (equivalent to S\$53.0 billion) ⁽⁴⁾	2014 ⁽¹⁾	Design and Build, and installation of M&E systems	Payable by cheque; 35 days credit term	4.5	11.3

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Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>S\$ million</i>	% of revenue of our Group
4	Customer K	A Singapore private company incorporated in 2011, a subsidiary of a listed company on the Tokyo stock exchange. Its businesses include building facilities, energy, environmental, industrial and social infrastructure system.	JPY4.1 trillion (equivalent to S\$49.7 billion) ⁽⁴⁾	JPY9.2 trillion (equivalent to S\$111.5 billion) ⁽⁴⁾	2016 ⁽¹⁾	Design and Build, and installation of M&E systems	Payable by bank transfer; 35 days credit term	2.8	7.0
5	Customer L	A Singapore private company incorporated in 1972. Its businesses include engineering and construction. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2015 ⁽¹⁾	Build and installation of M&E systems	Payable by cheque; 30 days credit term	2.0	5.0
Total								37.6	94.0

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For the five months ended 31 May 2017

Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>US\$ million</i>	% of revenue of our Group
1	Customer K	A Singapore private company incorporated in 2011, subsidiary of a listed company on the Japan stock exchange. Its businesses include building facilities, energy, environmental, industrial and social infrastructure system.	JPY4.1 trillion (equivalent to S\$49.7 billion) ⁽⁴⁾	JPY9.2 trillion (equivalent to S\$111.5 billion) ⁽⁴⁾	2016	Design and Build, and installation of M&E systems	Payable by bank transfer; 35 days credit term	7.0	46.5
2	Customer F	A Singapore branch of a listed company on the Korea stock exchange. Its businesses include general building and engineering works. It is an A1 graded contractor under CW01 "General building" workhead.	KRW2.6 trillion (equivalent to S\$3.2 billion) ⁽⁴⁾	KRW11.1 trillion (equivalent to S\$13.7 billion) ⁽⁴⁾	2013	Design and Build, and installation of M&E systems	Payable by cheque, 30 days credit term	2.9	19.6
3	Customer M	A Singapore private company incorporated in 1993. Its businesses include design, build and management of construction projects. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2016 ⁽¹⁾	Build and installation of M&E systems	Payable by bank transfer; 35 days credit term	1.9	12.8
4	Customer L	A Singapore private company incorporated in 1972. Its businesses include engineering and construction. It is an A1 graded contractor under CW01 "General building" workhead.	N/A ⁽⁵⁾	N/A ⁽⁵⁾	2015	Build and installation of M&E systems	Payable by cheque, 30 days credit term	1.8	11.9

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Ranking	Customer	Principal business and further information on our customer	Market capitalisation ⁽²⁾	Size of operation (Revenue of the latest financial year) ⁽³⁾	Business relationship since	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
								Aggregate amount <i>S\$ million</i>	% of revenue of our Group
5	Customer J	A Singapore private company incorporated in 1992, a subsidiary of a listed company on the Euronext. Its businesses include engineering and construction. It is an A1 graded contractor under CW01 "General building" workhead.	EUR15.5 billion (equivalent to S\$25.8 billion) ⁽⁴⁾	EUR31.8 billion (equivalent to S\$53.0 billion) ⁽⁴⁾	2014	Design and Build, and installation of M&E systems	Payable by cheque, 35 days credit term	0.9	6.1
Total								14.5	96.9

Notes:

- (1) These represent new customers where our first project with the respective customers were projects with revenue recognised during the Track Record Period.
- (2) The amount represents the market capitalisation of the listed parent company as at the Latest Practicable Date.
- (3) The amount represents the total revenue of the listed parent company for its latest reported financial year.
- (4) Japanese Yen amounts, South Korean Won amounts and Euro amounts have been converted into Singapore dollars at the rate of S\$1.00 to JPY82.5, KRW811.0 and EUR0.6 as at the Latest Practicable Date.
- (5) N/A denotes not applicable as there is no publicly available information for the customer which is a private company.

None of our five largest customers in each of the years/ period during the Track Record Period is also our supplier or subcontractor, and all of them are Independent Third Parties. None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue, had any interest in any of our five largest customers in each of the years/ period during the Track Record Period. Save for the two concluded adjudication cases relating to a customer disclosed in the paragraph headed "Litigation and claims" in this section, there were no material disputes with our five largest customers in each of the years/ period during the Track Record Period.

KEY CONTRACT TERMS WITH CUSTOMERS

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

Fixed sum

The sum of the contract will typically be specified as a fixed sum, which would have allowed for all the necessary costs to meet the requirements under the terms of the contract.

Duration

The duration, which varies depending on the scale and complexity of the project, will typically be stated in the contract.

Terms of payment

The terms of payment of our contracts are subject to the BCISPA, details of which are set out in the paragraph headed “Building and Construction Industry Security of Payment Act” under the section headed “Regulatory overview” in this prospectus. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts, payment claims in relation to progress payments are to be certified by the customer within 21 days from the submission of such payment claims and payment should be made within 35 days of such certification. Customers may also specify the agreed credit term in the contract, typically 30 days.

Retention monies

A portion of the contract value, normally 5% is withheld by our customers as retention monies, of which half will be released after substantial completion, with the remaining to be released after the defect liability period (usually being 12 months from substantial completion date) or upon issuance of final completion certificate. The substantial and final completion certificates are certificates issued by the customer’s architect to us to acknowledge that the projects are completed. Substantial completion implies that the works to be completed under the contract have been duly completed, and that there is no apparent defect. It is the start of the defect liability period. Final completion implies acceptance by the customer of all our obligations under the contract, and the corresponding certificate is usually issued after the end of the defect liability period.

Defect liability period

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

was brought against our Group by our customers during the Track Record Period. The 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.

Fines

Some of our contracts will specify certain fines that our customers can impose on us, mainly with regard to non-compliance with our customers' on-site procedures. The site requirements of our customers, include but are not limited to, (i) attendance in their site and safety meetings; (ii) ensuring proper use of protective equipment; (iii) ensuring proper display of safety warning signs as directed by their safety team; (iv) ensuring proper and safe use of electrical wiring and sufficient protection for our completed/ partial works on-site; (v) ensuring proper housekeeping to avoid tripping hazards; (vi) ensuring that security passes are displayed by our workers at the work site; and (vii) ensuring compliance to all applicable regulations in relation to workplace safety and employment of foreign workers. During the Track Record Period, we had been fined by our customers an aggregate of approximately S\$14,000 and these fines were neither in relation to regulatory non-compliance nor had resulted in litigation or termination of our contracts but instead were in relation to non-compliance to site requirements such as (i), (ii) and (v) above.

Insurance

Insurance in relation to on-site activities will be covered by our customers' contractors' all risks insurance and work injury compensation insurance. We are however required to procure our own insurance for the protection against any loss or damage to our plant and machinery at the work site. For the details of insurance policies taken out by our Group, please see the paragraph headed "Insurance" in this section.

Workmanship and care of work

Our contracts will stipulate that we have a responsibility to protect our partially completed or completed portion of works until handover to our customers. Should there be warranties from the manufacturers (such as for lightings), we are to perform the replacements if they fall within the warranty period and in turn obtain the replacements from the relevant manufacturers.

Performance bonds

We are usually required to arrange for the issuance of performance bonds by financial institutions such as insurance companies in favour of our customers. This is to remain in effect and will typically be discharged upon expiry of the bond, which is normally after the defect liability period. Customer may claim on the performance bond to make good any losses, damages, costs and expenses as a result of our failure to fulfil the contract. We did not experience any claim on any performance bonds during the Track Record Period.

Undertaking guarantees

Our Group arranged with an insurer for undertaking guarantees to indemnify some of our customers who have allocated their man-year entitlements to foreign workers to us in their respective projects during the Track Record Period. Under the undertaking guarantees, the respective customers were indemnified against reasonable costs and expenses that they may incur in connection with the provision of, including but not limited to, accommodation and alternative employment to or repatriation of those foreign workers for whom our customers allocated man-year entitlements in certain circumstances.

Foreign workers

We are responsible for ensuring that both our own workforce for the relevant project and those of our subcontractors shall not have any illegal immigrant. We are liable for and shall indemnify our customers against any losses or liabilities arising from our hiring of illegal immigrants for the relevant project. During the Track Record Period, we did not hire any illegal immigrants nor had our subcontractors for our projects; and there had been no instances where action or notifications were taken against us or issued to us in connection with hiring of illegal immigrants. Please refer to the sub-paragraph headed “Manpower resources management” in the paragraph headed “Risk management and internal control system” under this section for detail of our internal control measures in place to ensure no illegal immigrants are hired.

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. Our Group had not been required to pay liquidated damages during the Track Record Period.

Variation orders

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

Termination

Our contracts can typically be terminated by the customer if, among others, we: (i) have abandoned the contract or suspended the contract works; (ii) have failed to proceed with the contracted works diligently; (iii) have failed to execute the contract works or to perform or comply with other obligations or duties under and in accordance with the contract; (iv) have refused to rectify defective works; (v) have failed to carry out the contracted works as per the specified

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schedule; (vi) become bankrupt or insolvent, or makes a composition with creditors, or if being a company, any winding up order of any kind is made, or possession taken or execution levied by the creditors or debenture holders; (vii) assigns our principal functions to another person without consent from our customers; or (viii) our customer's contract has been terminated. During the Track Record Period, none of our contracts were terminated.

SUPPLIERS

Types of supplies

Our purchases of goods from suppliers are mainly for electrical cables, network and fibre optic cables, generators and switchboards, switchgears and electrical components, lightings, and extra low voltage systems. The following table sets forth a breakdown of our purchases during the Track Record Period by the type of supplies:

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	<i>S\$'000</i>	<i>% to material costs</i>	<i>S\$'000</i>	<i>% to material costs</i>	<i>S\$'000</i>	<i>% to material costs</i>	<i>S\$'000</i>	<i>% to material costs</i>	<i>S\$'000</i>	<i>% to material costs</i>
Electrical, network and fibre optic cables	1,874	25.6	5,452	39.9	3,703	27.8	1,966	33.0	2,094	43.2
Generators and switchboards	1,322	18.1	3,270	23.9	2,333	17.5	1,049	17.6	162	3.3
Switchgears and electrical components	1,207	16.5	2,294	16.8	1,648	12.4	830	13.9	631	13.0
Lightings	1,006	13.7	993	7.3	1,565	11.8	693	11.6	528	10.9
Extra low voltage systems	1,375	18.8	1,373	10.0	3,110	23.4	1,213	20.3	1,085	22.4
Others	539	7.3	294	2.1	958	7.1	213	3.6	344	7.2
Total	7,323	100.0	13,676	100.0	13,317	100.0	5,964	100.0	4,844	100.0

Please refer to the paragraph headed "Significant factors affecting our financial condition and results of operations" under the section headed "Financial information" in this prospectus for a sensitivity and breakeven analysis of our cost of services.

Relationship with our suppliers

We have over nine years of relationship with several of our five largest suppliers and we have received good support from them in terms of pricing and delivery of their supplies. All of our five largest suppliers in each of the years/ period during the Track Record Period were based in Singapore and none of them was also our customer during the Track Record Period. We had not experienced any shortage of materials during the Track Record Period, and we have more than one supplier on our approved suppliers list for each major category of supplies. During the Track Record Period, we have not had any material disagreement nor dispute with any of our suppliers, and we do not foresee any material difficulties in sourcing materials in the future.

Selection and monitoring of our suppliers

We make our purchases based on needs of individual projects, and therefore do not carry inventory. We will first obtain quotations for all key categories of goods required during the tender phase, and should we be awarded the contract, we will contact the suppliers that we have obtained quotations and select based on pricing, and ability to meet the delivery schedule amongst other factors. There will typically be more than one quotation sourced for the same category of purchases to ensure that we have received competitive quotations.

We maintain an approved suppliers list for suppliers who have passed our assessment criteria; for suppliers who are first admitted into the list, we would have reviewed their performance based on, among others, their (i) price; (ii) quality; (iii) service; (iv) delivery time; and (v) quality management system. This assessment is performed by our purchaser or project manager (as the case may be) and submitted to our Executive Directors for approval. Subsequently, after the completion of the project, our project manager will assess the performance of the suppliers based on, among others, their (i) ability to meet delivery schedules; (ii) ability to meet the tests' requirements; (iii) response to instructions; (iv) ability to honour warranties and/or guarantees; (v) management commitment; (vi) quality of goods received; and (vii) cost competitiveness. An overall scoring will be provided and any supplier who receives a scoring less than the minimum score will be removed from the approved suppliers list. As at 31 May 2017, there were 231 suppliers on our approved suppliers list. Please also refer to the paragraph headed "Quality control" in this section for details of our in-coming inspection procedures.

Principal terms of engagement with our suppliers

We do not have any long-term agreement with our suppliers. The credit terms offered to us generally range from 60 days to 90 days. For our main purchases, we will issue a purchase order with the order quantity required for a particular project, with delivery upon request during the course of the project.

Five largest suppliers

For the three years ended 31 December 2016 and the five months ended 31 May 2017, purchases from our five largest suppliers during each of the years/ period amounted to approximately S\$3.4 million, S\$6.8 million, S\$5.8 million and S\$2.9 million, and accounted for approximately 26.2%, 23.0%, 26.2% and 34.5% of our total cost of services respectively. Purchases from our largest supplier in each of the year/ period during the Track Record Period amounted to approximately S\$1.7 million, S\$3.6 million, S\$2.2 million and S\$1.7 million, and accounted for approximately 12.9%, 12.0%, 9.9% and 20.0% of our total cost of services respectively. The following tables set forth our five largest suppliers for each of the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively:

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For the year ended 31 December 2014

Ranking	Name of supplier	Business relationship since	Main types of goods/ services supplied to our Group	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our Group's total cost of services %
1	Supplier A	2002	Supplier of electrical cables	Payable by cheque, 60 days	1.7	12.9
2	Supplier B	2008	Supplier of network and fibre optic cables	Payable by cheque, 90 days	0.6	4.5
3	Supplier C	2003	Supplier of switchboards	Payable by cheque, 90 days	0.5	3.6
4	Supplier D	2002	Supplier of pipe fittings	Payable by cheque, 90 days	0.3	2.6
5	Supplier E	2008	Supplier of power generators	Payable by cheque, 90 days	0.3	2.6
Total					3.4	26.2

For the year ended 31 December 2015

Ranking	Name of supplier	Business relationship since	Main types of goods/ services supplied to our Group	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our Group's total cost of services %
1	Supplier A	2002	Supplier of electrical cables	Payable by cheque, 60 days	3.6	12.0
2	Supplier F	2008	Supplier of electrical cables	Payable by cheque, 60 days	1.3	4.4
3	Supplier G	2013	Supplier of switchboards	Payable by cheque, 90 days	0.9	3.0
4	Supplier H	2014	Supplier of switchboards	Payable by cheque, 90 days	0.6	2.2
5	Supplier I	2012	Supplier of power generators	Payable by cheque, 90 days	0.4	1.4
Total					6.8	23.0

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For the year ended 31 December 2016

Ranking	Name of supplier	Business relationship since	Main types of goods/ services supplied to our Group	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our Group's total cost of services %
1	Supplier A	2002	Supplier of electrical cables	Payable by cheque, 60 days	2.2	9.9
2	Supplier J	2008	Supplier of lightings	Payable by cheque, 90 days	1.3	5.8
3	Supplier F	2008	Supplier of electrical cables	Payable by cheque, 60 days	0.9	3.9
4	Supplier B	2008	Supplier of network and fibre optic cables	Payable by cheque, 90 days	0.7	3.5
5	Supplier K	2008	Supplier of switchboards, distribution boards and meter panels	Payable by cheque, 90 days	0.7	3.1
Total					5.8	26.2

For the five months ended 31 May 2017

Ranking	Name of supplier	Business relationship since	Main types of goods/ services supplied to our Group	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our Group's total cost of services %
1	Supplier A	2002	Supplier of electrical cables	Payable by cheque, 60 days	1.7	20.0
2	Supplier J	2008	Supplier of lightings	Payable by cheque, 90 days	0.5	5.5
3	Supplier L	2009	Supplier of security access, CCTV and other security related systems	Payable by cheque, 90 days	0.3	3.9
4	Supplier M	2015	Supplier of bus ducts	Payable by cheque, 60 days	0.2	2.8
5	Supplier N	2015	Supplier of carpark-related systems	Payable by cheque, 60 days	0.2	2.3
Total					2.9	34.5

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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 completion of the Share Offer and the Capitalisation Issue, had any interest in any of our five largest suppliers in each of the years/ period during the Track Record Period.

SUBCONTRACTORS

We had engaged subcontractors during the Track Record Period, mainly for the design and/or installation of air-conditioning and mechanical ventilation systems, and fire protection systems and in certain instance, to provide on-site support to meet project timing.

Reasons for subcontracting

We typically do not tender for projects where a significant portion of works have to be subcontracted as we aim to optimise our staff strength of over 240 employees directly engaged in project implementation. During the Track Record Period, two out of the three projects with higher subcontracted works were for bus depots (which required our scope of services to include significant works for air-conditioning and mechanical ventilation systems, and fire protection systems), and our Executive Directors are of the view that securing these two projects will expand our project portfolio. In selected cases, we may also undertake projects that include subcontracted works if we consider it strategic for our portfolio of projects, and/or customers. For one of our two projects with off-site M&E installation on PPVC modules, our customer had planned for the module construction to be in the PRC and we had engaged a subcontractor in the PRC to support our installation of M&E systems off-site. For further information of our subcontracted M&E works and off-site PPVC M&E installation, please refer to the paragraph headed “M&E services” in this section.

Relationship with our subcontractors

Depending on the requirements of our projects and our internal resources, we may engage subcontractors from time to time. During the Track Record Period, we had engaged three subcontractors whose purchases exceeded 2.5% of the total cost of services for the year/ period. Each of the three abovementioned subcontractors contributed no more than 9.0% of the total cost of services for the year/ period. Of these three subcontractors, we have established two to four years of relationship with them. Our subcontractors are mainly based in Singapore save for a contractor that we engaged in the PRC for off-site PPVC M&E installation for one ongoing project, with contract sum of approximately S\$0.2 million over 16 months. Please refer to the paragraph headed “Quality control” in this section for the monitoring of off-site PPVC M&E installation. None of the abovementioned three subcontractors were also our customer during the Track Record Period. None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue, had any interest in any of these three subcontractors. During the Track Record Period, there had been no

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default in making payment by our customers to us in relation to the works performed by our subcontractors, and we generally have more than one subcontractor for different category of services.

Selection and monitoring of our subcontractors

For significant subcontracted works, we would obtain their quotations during the tender phase and thereafter contact these subcontractors for further negotiation and/or confirmation of the terms of their subcontracted scope of works. Their fees will typically be based on a mark-up of their estimated material and labour costs, and thereafter subject to negotiation with us. We will monitor our subcontractors during the project and evaluate their performance after the completion of the project. Our project manager will assess the performance of the subcontractors based on, among others, their (i) ability to meet delivery schedules; (ii) ability to meet the tests' requirements; (iii) response to instructions; (iv) ability to honour the defect liability period; (v) management commitment; (vi) quality of services received; and (vii) cost competitiveness. Similar to the monitoring of our suppliers, an overall scoring will be provided and a subcontractor who receives a scoring less than the minimum score will not be evaluated favourably for future project opportunity. We will also monitor whether our subcontractors comply with our safety standards. Please refer to the paragraph headed "Occupational health and safety policy" in this section for further details.

Principal terms of engagement with our subcontractors

We engage subcontractors on a project-by-project, non-renewal and non-exclusive basis, and when we do not have adequate internal resources to fulfill the project's requirements. For subcontracted works, we will typically state the terms of their engagement in a subcontract/purchase order, including the agreed pricing, the duration and the scope of works. Our subcontractors submit monthly payment claims to be approved by us and will typically bear all the associated costs to fulfil their scope of works, including but not limited to, labour, design services, material purchases and machinery and equipment to carry out the subcontracted works.

The credit terms offered to us by our subcontractors generally range from 30 days to 60 days, and we typically require a retention amount of up to of 5% of the subcontracted sum, reducing to 2.5% upon substantial completion and all retention sums to be returned upon expiration of defects liability period. We may appoint another subcontractor should the original subcontractor not be able to provide their services as contracted.

MACHINERY AND EQUIPMENT

Our operations are generally not capital intensive in nature. We mainly use lifting machinery, such as scissor lift and boom lift, for our workers to access work area at higher levels. As at 31 May 2017, the carrying value of our plant and machinery was nil as our lifting machinery have been fully depreciated. The servicing of our machinery is conducted by external vendor, on an as-needed basis. The utilisation rates for our machinery are not relevant as the lifting machinery are mainly used to facilitate the work of our workers.

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In addition, our property, plant and equipment comprised motor vehicles which had an aggregate carrying value of approximately S\$1.0 million or 5.7% of the total carrying value of our property, plant and equipment as at 31 May 2017. Our motor vehicles comprise mainly (i) lorries used for transporting our machinery, material purchases and consumables; and (ii) a bus for the transport of our workers to and from the work site. For the three years ended 31 December 2016 and the five months ended 31 May 2017, we incurred approximately S\$0.2 million, S\$0.2 million, S\$0.1 million and S\$39,000 for the upkeep of our motor vehicles.

RESEARCH AND DEVELOPMENT

We do not engage in research and development activities such as product development but instead we aim to be at the forefront of M&E industry developments, such as the adoption of off-site PPVC M&E installations and BIM. We believe that it is important to keep abreast of industry developments and be able to apply new methodologies to support our customers, and in turn broaden our project opportunities. Please refer to the paragraph headed “M&E services” in this section for further details.

OCCUPATIONAL HEALTH AND SAFETY POLICY

We have an occupational health and safety management system and policy in place, which had been last audited in March 2017 by an Independent Third Party with no non-conformity noted. OHSAS 18001 certification is a requirement for gradings of L2 and above for our Contractors Registration System workhead registrations ME01, ME02, ME05 and ME06, and also a requirement for bizSAFE STAR. Some of our customers will look for OHSAS 18001:2007 and/or bizSAFE certification when inviting subcontractors to tender, hence these certifications will also broaden our project opportunities. Below is a summary of our occupational health and safety procedures:

(A) Occupational health and safety planning

(i) Objectives and targets

We will identify our objectives based on, amongst others, considerations of regulatory and customers’ requirements, occupational hazards’ risk assessment, internal and external stakeholders’ views, business and operational requirements and continual improvement. Our objectives are to have no more than two incidents in relation to occupational health and safety per project.

(ii) Hazard identification and risk assessment

We conduct activity-based risk assessment to identify and assess the risk level of potential hazards. This process includes (i) identification of work activities and their related hazards; (ii) identification, assessment and prioritisation of the risks; (iii) development of operational controls to reduce the risks; and (iv) review of the risk level subsequent to the implementation of operational controls.

(iii) *Emergency response*

We also have procedures for potential emergency situations that affect our employees' occupational health and safety. The procedures include (i) identification of potential emergency situations; (ii) preparation of response plan; (iii) conduct of briefings and emergency drills; and (iv) completion of post emergency action plan.

(iv) *Legal and other requirements*

We have the following procedures in place to ensure regulatory compliance, such as (i) identification of all applicable legal and other requirements relating to occupational health and safety; (ii) maintenance (and the update of) a register of legal requirements; and (iii) communication of the requirements to the respective management and supervisory personnel.

(B) Occupational health and safety implementation

(i) *Duties and responsibilities*

We believe that every employee has a role in ensuring a safe and healthy working environment, and the safety of our contractors and visitors. Our Executive Directors have the overall responsibilities for setting our occupational health and safety objectives and review of the system to achieve continual improvement. Our project director's responsibility is to ensure the effective operation of the system and that the policies are being carried out. Project managers are (i) tasked with the overall responsibility of occupational health and safety at the work sites; (ii) required to familiarise himself and educate his team members on the policies and procedures; and (iii) to report all incidents to our senior management. Our project supervisors are responsible for ensuring (i) the safety of all workers working in his area; (ii) the compliance of workers to work site safety measures; (iii) the participation in daily tool box meetings; (iv) housekeeping in his assigned area, including the condition of equipment and hand tools; and (v) rectification of any unsafe conditions. Our workers are responsible for their own personal safety, by observing all safety precautions, attending safety trainings and complying with safety rules and regulations.

(ii) *Training*

We also identify appropriate training programmes for our employees, including those that will affect quality and occupational health and safety, for instance site induction course for employees who intend to work on site. All foreign workers in the construction sector must attend the AWSHCS (formerly known as Construction Safety Orientation Course), a two-day course conducted by various training centres accredited by the MOM and obtain a valid AWSHCS Pass. For further details, please see the sub-

paragraph headed “Employment of foreign workers in Singapore” in the paragraph headed “Employment matters” under the section headed “Regulatory overview” in this prospectus.

(iii) *Communication and participation*

We have procedures to ensure that there is effective communication, participation and consultation for our occupational health and safety management system. For instance, we (i) conduct safety induction for our new employees; (ii) disseminate relevant occupational health and safety information to employees, visitors and contractors; (iii) conduct briefings on occupational health and safety; and (iv) conduct investigation on feedback received in relation to occupational, health and safety.

(C) Occupational health and safety monitoring

(i) *Performance measurement and monitoring*

We have established procedures to monitor our compliance with and effectiveness of our occupational health and safety management system. These include (i) compilation and analysis of various information sources such as incidents reported, medical reports, inspection data and safety training records; (ii) the conducting of internal audit to monitor our compliance; and (iii) identification of areas for improvement.

(ii) *Incident reporting*

All workplace incidents that result in fatalities or more than three consecutive days of medical leave or hospitalisation for at least 24 hours are to be reported to the MOM. The incident report should be properly filled in with the requisite details, such as date and time of incident, place of incident, name and identification number of the injured, and brief description of the incident. Near-miss incidents are to be reported internally; and in both situations, an investigation is to be carried out to consider corrective actions, as well as for monitoring of possible occupational hazards.

When selecting our subcontractors, we will take their safety standards into consideration. This includes evaluating our subcontractors on their safety management system, their safety track record and safety training records. Subcontractors are also required to be involved in our tool box meetings where applicable.

During the Track Record Period and up to the Latest Practicable Date, we did not record any non-compliance with applicable workplace safety regulations. Our annual cost of compliance with applicable workplace safety regulations during the Track Record Period was not material.

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Workplace accidents during the Track Record Period

We maintain an internal record of workplace accidents. During the Track Record Period, we recorded eight workplace accidents resulting in minor injuries of our workers.

	Year ended 31 December			Five months
	2014	2015	2016	ended 31 May 2017
Number of workplace accidents ⁽⁴⁾	1	1	4	2
Accident frequency rate ⁽¹⁾	1.4	0.9	3.7	5.6 ⁽³⁾
Lost time injuries frequency rate ⁽²⁾	51.2	47.6	76.7	136.2 ⁽³⁾

Notes:

- (1) Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents during the year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a year is estimated based on the number of our relevant workers directly involved in our projects as at the end of the year, multiplied by 3,650 hours per year per worker. For the five months ended 31 May 2017, the calculation is based on 1,521 hours per five months per worker.

For comparison purpose, the accident frequency rate for the construction sector in Singapore was 2.1 in 2014, 1.7 in 2015 and 1.7 in 2016, as stated in the “Workplace Safety and Health Report 2015 National Statistics” and “Workplace Safety and Health Report 2016 National Statistics” published by the Workplace Safety and Health Institute, Singapore.

- (2) Lost time injuries frequency rate, also known as accident severity rate, represents the amount of time lost from work of one day or more per one million man-hours worked. It is calculated as the number of man days lost to workplace accidents during the year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a year is estimated based on the number of our relevant workers directly involved in our projects as at the end of the year, multiplied by 3,650 hours per year per worker. For the five months ended 31 May 2017, the calculation is based on 1,521 hours per five months per worker.

For comparison purpose, the lost time injuries frequency rate for the construction sector in Singapore was 183 in 2014, 166 in 2015 and 159 in 2016 as stated in the “Workplace Safety and Health Report 2015 National Statistics” and “Workplace Safety and Health Report 2016 National Statistics” published by the Workplace Safety and Health Institute, Singapore.

- (3) The higher accident frequency rate/ lost time injuries frequency rate for the five months ended 31 May 2017 was due to one accident in which the worker was granted 44 days of medical leave after a slip and trip accident. Subsequent to the accident, we investigated the workplace situation and determined that the accident was not caused by lapses of workplace procedures on-site.
- (4) Out of the eight incidents recorded during the Track Record Period, one was related to eye trauma (with no resultant blindness), one was related to leg injury, one was related to back injury, four were related to finger/ hand injuries and one was related to the slip and trip accident mentioned under note 3 above.

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The aforementioned workplace accidents were reported to the MOM and covered by our insurance or insurance procured by our customers as part of their main contractors' all risks insurance.

ENVIRONMENTAL MATTERS

Our operations do not result in potential environmental hazards, such as those in relation to noise pollution, air pollution or breeding of vectors. During the Track Record Period and up to the Latest Practicable Date, we did not record any non-compliance with applicable environmental regulations. Our annual cost of compliance with applicable environmental regulations during the Track Record Period was not material.

INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- Public liability insurance, for death or accidental loss of or damage to property belonging to third parties;
- Work injury compensation policies for all our employees, to cover any injuries sustained by our employee arising from their employment on any working day;
- Foreign worker medical insurance, as stipulated by the MOM, to cover hospitalisation costs in Singapore;
- Fire insurance, for (i) our buildings (including fixtures and M&E installations); and (ii) our furniture, fixtures, fittings, electrical installations, renovations and materials; and
- Motor vehicle insurance, for our motor vehicles.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm. Certain risks disclosed under the section headed "Risk factors" in this prospectus, such as risks in relation to our ability to obtain new contracts, to collect trade and retention receivables and our ability to maintain and renew our registrations and licenses, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to the risk factor "Our insurance coverage may be insufficient to cover all losses or potential claims and insurance premiums may increase" under the section headed "Risk factors" in this prospectus.

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PROPERTY INTERESTS

Owned properties

As at the Latest Practicable Date, we owned two properties for our own use as below:

#	Address	Gross floor area	Usage	Market value as at 30 September 2017
1	85 Tagore Lane Singapore 787527	Approximately 1,712 square metres	A 4-storey building for our own use as head office, for storage and dormitory	Approximately S\$11.0 million
2	202 Tagore Lane Singapore 787591	Approximately 674 square metres	A 3-storey building for our own use as office, for storage and dormitory	Approximately S\$5.2 million

For further details of our self-owned properties, please refer to the property valuation report set out in Appendix III to this prospectus.

For property #2 above which we acquired in March 2017 for a consideration of approximately S\$4.9 million, we intend for it to be an additional office space, storage and dormitory to cater to our business expansion which will involve the recruitment of additional human resources. The consideration was fully settled in March 2017, which was partially funded by a bank borrowing of approximately S\$2.0 million. This property is located close to our current premise. We will commence major A&A works for property #2 once we receive the relevant permits from BCA, and the A&A works are expected to take around ten months. Property #2 had been pledged for a mortgage loan as at 31 May 2017. The additional finance costs and major A&A costs are expected to be approximately S\$2.6 million for the year ending 31 December 2017. For further information on our borrowings, please refer to the paragraph headed “Indebtedness” under the section headed “Financial information” in this prospectus.

Leased property

As at the Latest Practicable Date, we had rented licensed dormitory from Independent Third Party. We are charged based on the number of units rented on a monthly basis, details of which are as below:

Address	Lettable area	Number of units	Dormitory capacity: Maximum number of workers	Number of foreign workers accommodated	Monthly rent and monthly service charge	Tenure
460 Mandai Road Singapore 729760	531.3 m ²	11	132 workers	132 workers	S\$3,360 per unit	Commencing from 22 April 2017 to 21 April 2018

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INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we had registered two domain names, *www.TheSolisGrp.com* and *www.singmoh.com*, and we had made two applications for trademarks on 13 June 2017 in Hong Kong.

Details of our intellectual property rights are set out in the paragraph headed “2. Intellectual property rights of our Group” under the section headed “C. Further information about our business” in Appendix V to this prospectus. As at the Latest Practicable Date, we are not aware of any material infringements (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us and we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 260 staff (including our Executive Directors), of which 35 were local employees and 225 were foreign employees (including site foreign workers and other foreign employees). All our employees are located in Singapore.

The following sets forth the number of our employees in the respective functions (including our Executive Directors but not our Independent Non-Executive Directors) as at the Latest Practicable Date:

	As at the Latest Practicable Date
General management	5
Contract and procurement department	4
Design and project department	36
Accounting, human resource and administration department	12
Site foreign workers	<u>203</u>
Total	<u><u>260</u></u>

Out of the 57 employees who are not site foreign workers, nine have qualifications in engineering degrees, seven have qualifications in non-engineering degrees, eight have qualifications in engineering diplomas and four have qualifications in non-engineering diplomas.

The 36 employees in the design and project department as at the Latest Practicable Date comprise nine foremen, ten supervisors, nine engineers, five draftsmen and three managers who specialise in electrical engineering works.

Recruitment policies and foreign workers

Our human resources department assesses our available human resources on a regular basis, and together with our Executive Directors, determines whether additional employees are required to cope with our business operations and expansion. We will also assess the sufficiency of our foreign workforce and ensure that we have an adequate workforce to meet our projects' needs. Our human resources department also reviews the policies and procedures on hiring of staff, training and performance appraisals.

Our foreign workers are normally referred to us by Independent Third Party agencies or may have approached us directly for employment opportunities. We generally do not have contractual agreement with these Independent Third Party agencies and we had not paid material fees during the Track Record Period. As at the Latest Practicable Date, the majority of our foreign workers were Indian workers. The supply of foreign workers in Singapore is subject to various regulations and policies, which are set forth in detail in the sub-paragraph headed "Employment of foreign workers in Singapore" in paragraph headed "Employment matters" under the section headed "Regulatory overview" in this prospectus.

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, the dependency ceiling based on the ratio of local and foreign workers.

The dependency ceiling refers to the maximum permitted number of foreign workers that a company in a stipulated sector is allowed to hire. The dependency ceiling for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. As at the Latest Practicable Date, based on the prevailing regulations, the maximum number of foreign workers our Group can hire is 245, which means that we have room to hire 20 additional foreign workers based on the dependency ceilings. Please refer to the sub-paragraph headed "Manpower resources management" in the paragraph headed "Risk management and internal control systems" under this section for details of our internal control measures in place to ensure our compliance with the dependency ceilings.

Employees' remuneration and benefits

Our employees are remunerated according to their job scope, responsibilities, and performance. Our employees are also entitled to discretionary bonuses depending on their respective performance and the profitability of our Group. Our foreign workers are typically employed on a two-year basis depending on the period of their work permits, 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 as required by the MOM.

Central Provident Fund

Our Group participates in the mandatory contributions to the Central Provident Fund for our employees in accordance with the Central Provident Fund Act (Cap. 36) of Singapore, and we have paid the relevant contributions accordingly.

Employee training

Our employees receive training, depending on their department and their scope of work. Typically they are required to attend trainings relating to our quality, occupational health and safety policies, and courses required by the BCA and MOM. The table below sets out selected training courses attended by our employees:

Course	Attended by employee(s):
Building Construction Supervisors Safety Course	Project team member
Construction Safety Course for Project Manager	Project team member
Construction Safety Orientation Course	Workers
Contract Administration for Contractors	Contract team member
Develop a Risk Management Implementation Plan	Project team member
Occupational First Aid Course	Project team member
Safety Management Assessment Scheme	Project team member
Work-at-Height Course for Assessors	Project team member
Work-at-Height Course for Supervisors	Project team member
Work-at-Height Course for Workers	Workers

Employee relations

We view human resources, including our foreign workers, as valuable assets. We have therefore endeavoured to provide comfortable dormitories for our foreign workers. We have been commended in a Singapore parliament session in March 2012 for maintaining our self-owned dormitory with good living conditions. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our employees. Our employees are not members of any labour union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any material difficulties in the recruitment and retention of experienced staff.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

Continuity of projects secured

Our ability to continue securing new projects is important not only for our financial performance, business sustainability but also to maintain our competitive strengths (please refer to the paragraph headed “Competitive strengths” in this section). In this regard, we maintain good working relationships with our customers, maintain and improve our competitive strengths with respect to our project track record to be placed in an advantageous position during tender invitation and evaluation. Please also refer to the paragraph headed “Project management and operations – Tender phase” in this section for further details of our tender process and our tender success rates.

Our Executive Directors are responsible for the maintenance and acquisition of existing/new customer relationships. We will also monitor the GeBIZ for new and upcoming public sector projects, and thereafter approach private customers who we know are likely to tender or have tendered for these projects for possible participation in the M&E engineering scope of works. Furthermore, with the proceeds from the Share Offer, we intend to take on more customers and projects as discussed in the paragraph headed “Business strategies” in this section.

Project risk management

We have established procedures for assessing and monitoring project risk. For details, please refer to the paragraph headed “Project management and operations – Project implementation phase” in this section. We will also continue to take on M&E projects for more varied types of building development so as to establish a strong project track record which can serve to diversify risks related to slower growth in a particular segment of the construction industry and expand our project opportunities. We intend to further broaden our project portfolio by building our internal competencies with regard to design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems. To reduce reliance on suppliers and subcontractors, we will typically award our projects to different suppliers and subcontractors at or around the same time.

Cost management

We will typically obtain quotations from our suppliers and subcontractors at the time of submitting tender proposals. Please refer to the paragraph headed “Inability to accurately estimate our project costs will affect our profitability and financial performance” under the section headed “Risk factors” in this prospectus for details of our risk. We manage the risk of

cost overruns by (i) buffering a markup during tendering that can cater for unanticipated increase in costs; and (ii) management of our costs effectively as detailed under the competitive strength “We are able to execute projects profitably, which require competencies and experience to understand the requirements of a tender and the foreseeable challenges during project execution” in this section. We will also obtain quotations from our suppliers and subcontractors for all major categories of goods and services required for a project, so as to reduce the likelihood of certain categories of materials and works being more costly than that anticipated when we tender for a project. There were no material cost overruns during the Track Record Period that resulted in project losses.

Manpower resources management

Our Executive Directors will ensure that suitable and sufficient number of staff are 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. We will assess the sufficiency of our foreign workforce and ensure that we have an adequate workforce to meet our projects’ needs. We also place emphasis on our workers’ welfare as we believe it will add to our competitive strengths.

When increasing our foreign workforce, we will ensure compliance with the dependency ceiling which is currently set at the ratio of one full-time local worker to seven foreign workers for the construction industry, save that such dependency ceiling does not apply to foreign workers holding Employment Passes. When hiring foreign workers holding work permits and S Passes, we will ensure that there are adequate full-time local workers in order for the dependency ceiling to be complied with. The hiring of foreign workers holding work permits and S Passes has to go through an online application on dedicated Singapore Government websites which would preclude the hiring of foreign workers holding work permits and S Passes once the dependency ceiling has been reached. All our foreign employees are hired legally and via these Singapore Government websites. For foreign workers hired by our subcontractors who are deployed at the project site, they will be required to produce identification, including a valid work permit, prior to being issued security passes for access to the project site. For manpower planning, we will always plan for the increase in local employees together with the increase in foreign employees, so that our planned increase in manpower will comply with the dependency ceiling. In addition, we take a strong stance in ensuring compliance with the manpower regulations in Singapore and all management employees have been trained on our Company’s policy which prohibits the engagement and procurement of manpower through illegal avenues. For details on employment of foreign workers in Singapore, please refer to the section headed “Regulatory overview” in this prospectus.

Quality control system

Please refer to the paragraph headed “Quality control” in this section.

Occupational health and safety management system

Please refer to the paragraph headed “Occupational health and safety policy” in this section.

Credit management

During the tender phase, we will consider the credit worthiness of the customer and the key contract terms, including progress payment terms and retention monies. We will also take into consideration the past payment history of the customer or find out the reputation of a new customer with respect to payment to its subcontractors. Our credit terms to our customers are typically up to 35 days and credit terms from our suppliers are from 60 to 90 days. There was no provision for impairment of trade receivables during the Track Record Period. We typically make prompt payment to our suppliers and subcontractors, and will verify that their goods and services are delivered as per contracted before making payment.

During the Track Record Period, we commenced adjudication proceedings against a customer for payments, which were concluded in our favour. Please refer to the paragraph headed “Litigation and claims” in this section for further details.

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 monies requirements, which may also affect our liquidity position. Moreover, as mentioned in the subparagraph headed “(i) Off-site PPVC M&E installation” in paragraph headed “M&E Services” under this section, for projects with PPVC modular construction being carried out off-site outside Singapore, our customer would certify our progress claims when the PPVC modules have been delivered from the off-site location to the project site in Singapore. Given the possible distance between these locations, this will increase the interval between the submission and the certification of our progress claims, and in turn, would impact our liquidity as the duration between cash outflows for payments to our suppliers (which may take place before or during the delivery of the PPVC modules) and cash inflows from customers would be longer.

We will also monitor our working capital to ensure that our financial obligations can be met when due, by, including but not limited to (i) ensuring a healthy bank balances and cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and

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its aging monthly, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its aging monthly, to ensure that payments to our suppliers and subcontractors are made on a timely basis; and (iv) monitoring our bank and finance lease payments. In addition, prior to accepting projects with anticipated longer certification time as described above, our Executive Directors would ensure that our Group has sufficient working capital to run these projects so that the participation in these projects will not affect our Group's ability to meet its other financial obligations. Going forward, our Executive Directors may continue to accept this mode of operation for PPVC modular construction projects should the profit margin and/or impact to our liquidity position is acceptable and manageable.

When performing (ii) and (iii) above, we will review if our cash inflows are expected to be higher than our cash outflows for the following month, pay attention to whether the mix of projects will potentially result in higher cash outflows than inflows for the following month, and if so, whether our bank balances and cash are adequate. Our specific measures of liquidity management in this aspect include (i) notifying to our Executive Directors should the monthly cash outflows be expected to be significantly higher than the cash inflows; and (ii) maintaining a cash balance and unutilised banking facilities of not less than S\$5.0 million.

Regulatory risk management

We keep abreast of any changes in government policies, regulations, licensing requirement and safety requirements and we are aware that any non-compliance of the above may have an adverse impact on our operation and business. We will ensure that all changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our management and supervisory team members for proper implementation and compliance. We will also monitor, amongst others, our qualifications for the renewal of our M&E workheads including our ability to fulfill the project track record and personnel requirements.

Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We have established four board committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the paragraph headed "Board committees" under the section headed "Directors and senior management" 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 and senior management" in this prospectus.

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In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out under the section headed “Relationship with our Controlling Shareholders” 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.

In November 2016, we had engaged Baker Tilly, an independent internal control consultant, to assess our overall internal controls for the period from January 2016 to December 2016 and to give recommendations to make any enhancement. Baker Tilly reported that there were no material deficiencies in relation to the Group’s internal controls. Our Directors, Baker Tilly and the Sponsor are of the view that our Group’s internal control measures can adequately and effectively monitor our business operations.

LITIGATION AND CLAIMS

Litigation

During the Track Record Period and up to the Latest Practicable Date, we were involved in two concluded adjudication cases. The details are as below:

Date filed	Sing Moh as Defendant/ Plaintiff	Counterparty	Nature	Status	Settlement amount S\$
14 April 2014 and 14 January 2015	Plaintiff	Corporate (Customer)	Dispute over progress claims, case was concluded under adjudication proceedings	Concluded	Approximately S\$1.5 million and S\$0.5 million were awarded to Sing Moh, representing the sums of progress claims submitted with interest at 5.0% and 5.33% respectively per annum

The customer was one of our five largest customers for the year ended 31 December 2014, and the project was completed in 2014. 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.

Employees’ compensation claims

During the Track Record Period and up to the Latest Practicable Date, there were eight incidents relating to employee compensation claims as disclosed in the paragraph headed “Occupational health and safety policy ” in this section.

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Out of the eight incidents, six were settled of which the total amount settled was approximately S\$27,000 and was fully covered by our insurance or by our customers' main contractors' all risk insurance. There were two outstanding employees' compensation claims as at the Latest Practicable Date of amount of approximately S\$1,000. We are required under the Work Injury Compensation Act (Cap. 354) of Singapore to take out, and we have taken out, compulsory insurance policy in Singapore to provide for liability under such claim. Therefore, our Directors confirm that all such claims and outstanding claims are fully covered by our insurance or our customers' main contractors' all risk insurance, 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.

No provision was made in the financial statements of our Group in respect of the aforementioned claims as it is expected to be covered by insurance.

NON-COMPLIANCE

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we had no non-compliance incident that would have a material adverse effect on our business, financial condition and results of operations taken as a whole.

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 sub-paragraph headed "1. Deed of Indemnity" in the paragraph headed "G. Other information" in Appendix V to this prospectus for further details of the Deed of Indemnity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer, our Controlling Shareholders, namely Mr. Tay, Mr. Tay Yong Meng, Mr. Kenneth Teo and HMK, will control the exercise of voting rights of 75% of the Shares eligible to vote in the general meeting of our Company (assuming that none of the options to be granted under the Share Option Scheme is exercised). None of our Controlling Shareholders or their respective close associates has any interest in any company which may, directly or indirectly, compete with the business of our Group as at the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after the Listing:

Management independence

Our Board comprises three Executive Directors and three Independent Non-Executive Directors. Mr. Tay, Mr. Tay Yong Meng, and Mr. Kenneth Teo, our Controlling Shareholders, are our Executive Directors. Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Group. Please refer to the paragraph headed “Deed of Non-competition” in this section below for further details.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she act 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 personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders and their respective close associates after the Listing.

Operational independence

Our Company makes business decisions independently from our Controlling Shareholders. On the basis of the following reasons, our Directors consider that our Group will continue to be operationally independent from our Controlling Shareholders and their respective close associates:

- (i) our Group has established its own organisational structure made of individual departments each with specific administrative and corporate governance infrastructure;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) our Group is the holder of all relevant licenses and trademarks material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (iii) our Controlling Shareholders have no interest in any of our top five suppliers and customers;
- (iv) we do not rely on our Controlling Shareholders or their close associates and have independent access to suppliers and customers; and
- (v) our Group has established a set of internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business.

During the Track Record Period, our Group arranged for security bonds to comply with the legal requirements for the employment of non-Malaysian foreign workers, whereby Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo provided personal indemnities in favour of the insurer under such security bonds. All the personal indemnities given by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo under the aforesaid security bonds will be released and replaced by corporate guarantees from our Company upon the Listing. For further information of such security bonds, please refer to the sub-paragraph headed “Security bonds and foreign worker levy” in the paragraph headed “Employment of foreign workers in Singapore” under the section headed “Regulatory overview” in this prospectus.

During the Track Record Period, our Group arranged with an insurer for undertaking guarantees to indemnify some of our customers who have allocated their man-year entitlements to foreign workers to us in their respective projects. Under the undertaking guarantees, the respective customers were indemnified against reasonable costs and expenses that they may incur in connection with the provision of, including but not limited to, accommodation and alternative employment to or repatriation of those foreign workers for whom our customers allocated man-year entitlements in certain circumstances. Please refer to the paragraph headed “Undertaking guarantees” under the section headed “Business” in this prospectus.

On the basis of the matters described in this section, our Directors are of the view, and the Sponsor concurs, that our Group is capable of carrying on our business independently from the Controlling Shareholders and their respective close associates.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group’s own business needs.

During the Track Record Period, our Group entered into one facility agreement with United Overseas Bank Limited (the “**UOB Facility**”) and two facility agreements with Standard Chartered Bank (Singapore) Limited (the “**SCB Facilities**”). Mr. Tay and Mr. Tay Yong Meng provided joint and several personal guarantees under the UOB Facility, while Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo provided joint and several personal guarantees and Sing Moh mortgaged its

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

property at 202 Tagore Lane, Singapore under the SCB Facilities. During the Track Record Period, our Group also arranged for performance bonds with insurers, whereby Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo provided joint and several personal indemnities in favour of the insurers under such performance bonds. All the personal guarantees and indemnities given by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo under the aforesaid banking facilities and performance bonds will be released and replaced by corporate guarantees from our Company upon the Listing.

In view of our Group's adequate internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group has sufficient capital to operate our Group's business independently, and has a strong credit profile to support its daily operations. During the Track Record Period, our Group relies principally on cash generated from operations to carry on its business and it is expected to continue after the Listing. Therefore, our Group has no financial dependence on our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Group, pursuant to which each of them had irrevocably undertaken with our Company on joint and several basis (for itself and for the benefit of each of our subsidiaries) that he/ it would not, and would procure that any of his/ its associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time (the "**Restricted Business**").

Such non-competition undertaking does not apply where:

- (a) any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Company, and at the request of our Company, the offer should include: (i) terms of offer between our Group and such third party, or (ii) terms for our Company to engage in the Restricted Business with them and/or their associates, and our Company, after review by our Independent Non-Executive Directors, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third party or together with them and/or their associates, provided that the principal terms by which he (or his relevant associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company; or
- (b) our Controlling Shareholders have interests in the shares of a company which shares are listed on a recognised stock exchange provided that the total number of the shares held by him and/or his associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and he and/or his associates are not entitled to appoint

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by him and his associates in aggregate.

The “restricted period” stated in the Deed of Non-competition refers to the period during which (i) our Shares remain listed and traded on the Hong Kong Stock Exchange; (ii) the Controlling Shareholders or their associates continue to hold equity interest in our Company; and (iii) the Controlling Shareholders, together with the interests of their respective associates are considered as substantial shareholders.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from the competing business and to safeguard the interests of our Shareholders:

- (i) our Independent Non-Executive Directors will review, on an annual basis, the compliance with the undertaking given by our Controlling Shareholders under the Deed of Non-competition;
- (ii) each of our Controlling Shareholders undertakes to provide all the information requested by our Company which is necessary for the annual review by our Independent Non-Executive Directors and the enforcement of the Deed of Non-competition;
- (iii) our Company will disclose decisions on matters reviewed by our Independent Non-Executive Directors relating to compliance and enforcement of the non-compete undertaking of our Controlling Shareholders under the Deed of Non-competition;
- (iv) each of our Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual reports of our Company; and
- (v) the Articles provide that a Director who is interested in a contract or arrangement or proposed contract with our Company shall declare the nature of such interest, or the Director shall not vote in respect of such contract or arrangement or proposed contract (nor shall he/she be counted in the quorum for the relevant meeting) in which he or any of his close associate(s) is materially interested unless otherwise provided in the Articles.

Further, save as disclosed herein, each of our Directors confirms that he or she does not have any competing business with our Group. Moreover, pursuant to their respective service agreements, our Executive Directors will not, at any time during their terms of service with our Group without the prior written consent from the Board, be or become a director of any company (other than our Company, any other member of our Group, our joint venture companies or our associated companies) or be engaged, concerned or interested directly or indirectly in any other business, trade or occupation.

In addition, if our Independent Non-Executive Directors consider it necessary or desirable, they may also engage professional advisors at the cost of our Company to advise them on matters relating to any Deed of Non-competition or any business opportunities which may be referred to us by our Controlling Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors consists of three 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 our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Executive Directors						
Mr. Tay Yong Hua (鄭湧華先生*)	58	Executive Chairman and Executive Director	11 August 1988	21 June 2017	Responsible for key clients/vendors partnership development and new business development; serves on the Remuneration Committee	Brother of Mr. Tay Yong Meng and uncle of Mr. Kenneth Teo
Mr. Tay Yong Meng (鄭永明先生)	53	Executive Director and Chief Operating Officer	7 June 1990	21 June 2017	Responsible for leading the operational departments and providing guidance and management experience in project management; serves on the Nomination Committee	Brother of Mr. Tay and uncle of Mr. Kenneth Teo
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (張瑞清先生)	45	Executive Director and Chief Executive Officer	16 May 2000	21 June 2017	Responsible for the project management for mechanical and electrical engineering projects of our Group; chairman of the Corporate Governance Committee	Nephew of Mr. Tay and Mr. Tay Yong Meng
Independent Non-Executive Directors						
Ms. Theng Siew Lian Lisa (唐秀蓮女士)	50	Independent Non-Executive Director	14 November 2017	14 November 2017	Chairlady of the Remuneration Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	N/A
Mr. Law Wang Chak Waltery (羅宏澤先生)	54	Independent Non-Executive Director	14 November 2017	14 November 2017	Chairman of the Audit Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	N/A
Mr. Tan Sin Huat Dennis (陳星法先生)	55	Independent Non-Executive Director	14 November 2017	14 November 2017	Chairman of the Nomination Committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	N/A

* For identification purpose only.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tay Yong Hua (鄭湧華先生*), aged 58, is the founder of our Group. He was appointed as a Director on 21 June 2017. He was re-designated as an Executive Director and appointed as our Executive Chairman on 11 July 2017. Mr. Tay founded our Group as a sole proprietor business in 1983 and has been our Group's chairman and managing director since the incorporation of Sing Moh. As at the Latest Practicable Date, Mr. Tay presides over a skilled workforce of about 260. Apart from setting the vision and the mission for our Group and guiding our Group to achieve its long-term business and financial objectives, Mr. Tay is also responsible for key clients/vendors partnership development and new business development.

Mr. Tay is an entrepreneur with over three decades of start-up and operational experience with a wide range of mechanical and electrical projects. In 1983, Mr. Tay founded Sing Moh Electrical Engineering Company as a sole-proprietorship, and in 1988, the sole proprietor business became Sing Moh Electrical Engineering Pte. Ltd.

Mr. Tay was a director of Broadfield Global Pte. Ltd., a company incorporated in Singapore engaged in the business of business and management consultancy services and was struck off on 6 March 2013. Mr. Tay confirmed that there was no wrongful act on his part leading to the dissolution of the above company and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution of the company.

Mr. Tay has not held any directorship in any listed companies in the last three years. Save as being the brother of Mr. Tay Yong Meng and the uncle of Mr. Kenneth Teo, Mr. Tay does not have any relationship with any of the Directors.

Mr. Tay Yong Meng (鄭永明先生), aged 53, was appointed as a Director on 21 June 2017. He was re-designated as an Executive Director and appointed as our Chief Operating Officer on 11 July 2017. Mr. Tay Yong Meng has close to three decades of experience in the engineering industry. He joined our Group in June 1990 and is currently a director of our Group. Mr. Tay Yong Meng is responsible for leading the operational departments and providing guidance and management experience in project management, including approving contracts and liaising with customers and suppliers. In addition, he is responsible for quality assurance, environmental health and workplace safety. He also oversees our Group's human resources and manpower management. Prior to joining our Group, Mr. Tay Yong Meng worked as an assistant engineer at Maxtor Singapore Limited between 1989 and 1992.

Mr. Tay Yong Meng obtained a Certificate of Performance in Quantity Surveying (Contract Administration) awarded by Ngee Ann Polytechnic in November 1997 and a certificate in Mechanical and Electrical Coordination awarded by the Construction Authority in November 1999. He also completed the course in Cable Installation for MATV System compatible for Cable-TV Operation conducted by Institute of Technical Education in November 1996. Mr. Tay Yong Meng attained a certificate for completion of the Safety Management Course awarded by the Ministry of Labour, Singapore in January 1996 and completed four modules of National Technical Certificate

* *For identification purpose only*

DIRECTORS AND SENIOR MANAGEMENT

Grade Three Electrical Installation & Servicing course conducted by the Institute of Technical Education by January 1997. He is certified for completing training in Small Electrical Installation Inspection and Testing awarded by the Singapore Power Training Institute in March 1998. Mr. Tay Yong Meng attained a Building Construction Safety Supervisors course certificate awarded by the Singapore Contractors Association Ltd in September 1999. He was admitted as an associate of the Singapore Institute of Engineering Technologists in February 1996 and is a qualified licensed electrician issued by the Energy Market Authority since December 2015. He was trained by Singapore Telecommunication Academy in 1999 and passed the Singtel's cable locating course and further trained by Starhub on their T.C. D.W course in April 2000. Mr. Tay Yong Meng has been a qualified installer for Info-Communications Development Authority of Singapore since 19 August 2002.

Mr. Tay Yong Meng obtained a Diploma in Mechanical Engineering from Ngee Ann Polytechnic Singapore in August 1986 and a Certificate in Industrial Management from Ngee Ann Polytechnic Singapore in August 1993.

Mr. Tay Yong Meng has not held any directorship in any listed companies in the last three years. Save as being the brother of Mr. Tay and the uncle of Mr. Kenneth Teo, Mr. Tay Yong Meng does not have any relationship with any of the Directors.

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (張瑞清先生), aged 45, was appointed as a Director on 21 June 2017. He was re-designated as an Executive Director and appointed as the Chief Executive Officer of our Company on 11 July 2017. Mr. Kenneth Teo joined our Group in May 2000 as a director and was promoted to a chief executive officer and became a director of Sing Moh in April 2008. Mr. Kenneth Teo currently oversees all aspects of the operations of our Group including strategic planning, procurement, tender, sales and marketing and business development. He is responsible for the project management for all mechanical and electrical engineering projects of our Group. During his tenure with our Group, Mr. Kenneth Teo had secured one of the first pre-fabricated, pre-finished volumetric construction (PPVC) projects in Singapore, an initiative of the Singapore government to increase productivity and reduces demand for manpower.

Mr. Kenneth Teo was instrumental in leading our Group to be awarded ISO 9001 certification in December 2000 as well as leading our Group's upgrade of its BCA ME05 grading to L6 level in 2010. Under Mr. Kenneth Teo's leadership, our Group achieved the BIZSAFE STAR status in November 2010. He was also responsible for guiding our Group to be awarded the OHSAS 180001 certification in December 2011. Prior to joining our Group, Mr. Kenneth Teo worked at Sembcorp Construction Pte Ltd as an engineer between June 1997 and April 2000.

Mr. Kenneth Teo obtained a Bachelor Degree (Honours) of Engineering from the Nanyang Technological University in July 1997 and obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in October 2000.

Mr. Kenneth Teo has not held any directorship in any listed companies in the last three years. Save as being the nephew of Mr. Tay and Mr. Tay Yong Meng, Mr. Kenneth Teo does not have any relationship with any of the Directors.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Ms. Theng Siew Lian Lisa (唐秀蓮女士) (“**Ms. Theng**”), aged 50, was appointed as an Independent Non-Executive Director on 14 November 2017. Ms. Theng is currently the Managing Partner of Colin Ng & Partners LLP and has been in practice since 1991. She has vast experience in corporate litigation prior to focusing her practice in the areas of Corporate Advisory and Corporate and Commercial services.

In the area of corporate law, she has advised both Singapore and foreign companies in major acquisitions and disposal transactions and has also advised on investment and other corporate agreements where parties are in dispute. Her major clients comprise public listed companies and multi-national corporations in Singapore and in the region. Ms. Theng has advised healthcare, electronics, technology, engineering, oil and gas, logistics, manufacturing, exhibition, publishing, food and leisure and entertainment companies and private equity and venture capitalist houses on a range of issues. These issues include restructurings, investments, joint ventures, corporate governance and compliance, and acquisitions.

In the area of corporate advisory, Ms. Theng has advised listed companies and their audit committees and boards in relation to potential disputes, irregularities, fraud and issues involving directors and shareholders; an example, Ms. Theng has advised the audit committee of a listed company in Singapore over the fraudulent acts of its managing director and advised the board in relation to ensuring good corporate governance in the company. Her other experiences include cross-border joint ventures and mergers and acquisitions in the region.

Ms. Theng started her career with Colin Ng & Partners in 1991, and between 2000 and 2006, she was an equity partner of Chui Sim Goh & Lim. She returned to Colin Ng & Partners in July 2006 as an equity partner and became the Head of Corporate Advisory Practice Group and Head of Dispute Resolution Practice Group. Ms. Theng became joint managing partner in 2011 and managing partner in 2017.

Ms. Theng obtained a Degree of Bachelor of Laws from the National University of Singapore in July 1990. She is an advocate and solicitor of the Supreme Court of Singapore and has been in practice since 1991.

Ms. Theng was a director of Siew Fatt Engineering Pte. Ltd., a company incorporated in Singapore and engaged in the trading and manufacturing of metal precision components and was solvent immediately before it was struck off on 10 January 2017. Ms. Theng confirmed that there was no wrongful act on her part leading to the dissolution of the above company and she was not aware of any actual or potential claim that had been or would be made against her as a result of the dissolution of the company.

Ms. Theng has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Law Wang Chak Waltery (羅宏澤先生) (“**Mr. Law**”), aged 54, was appointed as an Independent Non-Executive Director on 14 November 2017. Mr. Law is currently an executive partner of Profundas Capital Limited, a private equity and investment advisory firm. He has 29 years of experience in financial audit, financial due diligence, mergers and acquisitions, corporate restructuring, accounting and corporate finance advisory.

DIRECTORS AND SENIOR MANAGEMENT

Since September 2014, Mr. Law has been an independent non-executive director, chairman of the audit committee, and a member of both the remuneration committee and the nomination committees of Orient Victory China Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0265). Since April 2015, Mr. Law has been an independent non-executive director, chairman of the audit committee, and a member of the remuneration committee of D&G Technology Holding Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1301). Since November 2016, Mr. Law has been a non-executive director of In Technical Productions Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8446).

Previously, Mr. Law had been the chief financial officer and non-executive director of Nine Dragons Paper (Holdings) Limited, a company listed on the Hong Kong Stock Exchange (stock code: 2689), from June 2004 to October 2008 and from August 2008 to October 2008, respectively. Mr. Law also served in different key roles such as chief financial officer and vice president of the finance department in four other companies between November 1992 and May 2004, all of which were listed on Main Board of the Hong Kong Stock Exchange at the relevant time. Mr. Law had worked in the audit division of Coopers & Lybrand (currently known as PricewaterhouseCoopers) between August 1987 and November 1992.

Mr. Law was admitted as a fellow of both the Association of Chartered Certified Accountants (formerly known as Chartered Association of Certified Accountants) in the United Kingdom in October 1995 and the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) in February 1998. Mr. Law was registered as a Certified Public Accountant (Practising) with the Hong Kong Institute of Certified Public Accountants in May 2017. Mr. Law was also admitted as an associate of the Institute of Chartered Accountants in England and Wales since July 2007.

Mr. Law obtained a bachelor of science degree in economics from the University of London in August 1991. He was awarded a master of science degree in financial economics by the University of London in December 1995.

Mr. Law was a director of Gold Wheat Limited and Infoage Developments Limited, both were incorporated in Hong Kong, dormant and were solvent immediately prior to their deregistrations pursuant to section 291AA of the Predecessor Companies Ordinance on 13 July 2001 and 14 September 2007, respectively. Mr. Law confirmed that there was no wrongful act on his part leading to the dissolution of the above companies and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution of these companies.

Save as disclosed above, Mr. Law has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tan Sin Huat Dennis (陳星法先生) (“**Mr. Tan**”), aged 55, was appointed as an Independent Non-Executive Director of our Company on 14 November 2017. Mr. Tan is the founder of Innospaces Consulting Pte. Ltd, a consulting firm that deals with business, organizational and leadership development. He is also an executive director of RHT Human Capital Institute Pte Ltd, a firm focused on coaching and training & development to enable companies to better build and sustain their human capital in a volatile and changing business environment.

Mr. Tan’s career as a leader, coach, and consultant spans over 35 years in both the private and public sectors. He is an executive director at P99 Holdings Ltd since June 2011, an independent director and director at Renewable Energy Asia Group Ltd between February 2010 and August 2013 and since August 2013 respectively, and an independent director at Chasen Holdings Ltd since July 2009: all three companies are listed on the Singapore Stock Exchange. Mr. Tan is a leadership coach affiliated to the Centre for Leadership Development, Singapore Armed Forces (“**SAF**”) since 2007, where he coaches potential battalion commanding officers at the Goh Keng Swee Command and Staff College. He is also an associate coach affiliated to the Centre for Creative Leadership based in North Carolina, United States, APAC Campus since 2005.

Mr. Tan joined the SAF in 1982 and was a Regular Senior Military Officer until May 2007. Mr. Tan’s highest rank attained while in service was Lieutenant Colonel. After 25 successful years with the SAF, Mr. Tan retired from service and started his second career, founding Innospaces Consulting Pte. Ltd in 2007.

Mr. Tan is a member of the Singapore Institute of Directors since August 2007 and a founding member of Board Certified Coach, the centre for credentialing & education since 2012. Mr. Tan served as an Adjunct Professorship with the Nanyang Technological University, Singapore from 2008 to 2011. Mr. Tan co-authored the books: “Leading and Managing Organizational Behavior” (Pearson, 2010) and “Transforming and Leading Organizational Behavior” (Cengage, 2012). Mr. Tan obtained a Degree of Bachelor of Arts from the National University of Singapore in June 1988 and a Master in Business Administration from the Nanyang Technological University, Singapore in December 2004. He also obtained a Graduate Diploma in Organizational Learning from the Civil Service College, Singapore in May 2003 and a Postgraduate Certificate in Executive Coaching from the University of Lancaster, United Kingdom in July 2008. Mr. Tan was awarded the Singapore Armed Forces Long Service Medal (for his 25 years of service) and the 1998 National Day Parade Certificate of Appreciation from Dr. Tony Tan, Deputy Prime Minister cum Minister for Defence. He was the honorary Aide de camp to Singapore’s President Wee Kim Wee (1990–1993).

Mr. Tan was a director of China Fashion Import and Export Pte. Ltd., a company incorporated in Singapore and engaged in the business of sale of textiles, clothing, footwear and leather articles and was solvent immediately before it was struck off on 24 December 2014. Mr. Tan confirmed that there was no wrongful act on his part leading to the dissolution of the above company and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution of the company.

Mr. Tan has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Disclosure of relationships as required under Rule 13.52(2) of the 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. As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” and the section headed “D. Further information about our Directors” 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.

Save as disclosed in this 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 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 particular of their service contract and remuneration.

Except as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Main roles and responsibilities
Ms. Chan Huishan (曾慧珊女士)	31	Chief Financial Officer	3 January 2017	Responsible for financial planning, accounting operations and reporting, taxation and internal control systems of our Group
Mr. Tan Boon Pin (Chen Wenbin) (陳文斌先生)	36	General Manager	9 February 2006	Responsible for project management of our Group’s projects and oversees quality assurance

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan Huishan (曾慧珊女士) (“Ms. Chan”), aged 31, joined our Group in January 2017 as Chief Financial Officer. She is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Ms. Chan has nine years of experience in accounting and auditing. Prior to joining our Group, Ms. Chan worked at Deloitte & Touche LLP in the audit department between December 2010 and December 2016 where she led various audit teams in providing audit and assurance services. The last position that Ms. Chan held in Deloitte & Touche LLP was audit manager. Prior to that, she worked at Crowe Horwath LLP, Singapore as a staff accountant and later as an audit senior between July 2008 and November 2010 where she carried out audit for both private and public companies (including companies listed in Singapore).

Ms. Chan obtained a Bachelor’s Degree in accounting and finance from the Singapore Institute of Management in August 2008, an external programme of the University of London, United Kingdom.

Mr. Tan Boon Pin (Chen Wenbin) (陳文斌先生) (“Mr. Tan”), aged 36, joined our Group in February 2006 as a project electrical engineer and was promoted to project manager of our Group in January 2013. He was further promoted to General Manager in July 2017 and is currently responsible for project management of our Group’s projects and oversees quality assurance as well as assists in the overall management of our Group’s electrical engineering services. Mr. Tan has over 11 years of experience in electrical engineering.

Mr. Tan obtained a Bachelor’s Degree in electrical engineering (Second Class Honors) from the RMIT University, Australia in December 2005.

COMPANY SECRETARY

Mr. Ng Chit Sing (吳捷陞先生) (“Mr. Ng”), aged 45, was appointed as company secretary of our Company on 5 July 2017. He is the chief executive officer of IN Corporate Services Limited specialising in the provision of corporate secretarial services to listed issuers and private companies.

From February 2016 to present, Mr. Ng was the named company secretary of AL Group Limited, a company listed on the GEM Board (stock code: 8360). He has also been the named company secretary of Yestar Healthcare Holdings Company Limited (formerly known as Yestar International Holdings Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2393) since May 2015.

Mr. Ng served as a Senior Company Secretarial Manager of SMI Culture & Travel Group Holdings Limited (formerly known as SMI Culture Group Holdings Limited and Qin Jia Yuan Media Services Company Limited) (Stock code: 2366), a company listed on the Main Board of the Stock Exchange, from April 2010 to November 2010 and was appointed as company secretary from December 2010 to September 2011. Mr. Ng served as a director of BMS Corporate Services Limited, a corporate secretary firm, for the period from November 2011 to October 2013.

Mr. Ng was admitted as an associate of both The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in England in July 2000. Mr. Ng received a Bachelor’s Degree in Social Sciences from Lingnan College Hong Kong in November 1996 and a Bachelor’s Degree in Laws from the University of London in August 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company has complied with the code provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules with the exception of code provision A.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tay currently holds both positions. Throughout our business history, Mr. Tay, as a founder and Controlling Shareholder of our Group, has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies, management of the business and operations of our Group. Taking into account the consistent leadership within our Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, our Directors, including our Independent Non-Executive Directors, consider that Mr. Tay is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and Shareholders as a whole.

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.

BOARD COMMITTEES

The Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of our Company were approved to be established by resolutions passed by our Board on 14 November 2017. Each of the four committees has written terms of reference. The functions of the four committees are summarised as follows:

Audit Committee

Our Group established an audit committee on 14 November 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The audit committee consists of all of the Independent Non-Executive Directors, namely, Mr. Law Wang Chak Waltery, Ms. Theng Siew Lian Lisa and Mr. Tan Sin Huat Dennis. Mr. Law 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.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

Our Group established a remuneration committee on 14 November 2017 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Tay Yong Hua, Mr. Law Wang Chak Waltery and Ms. Theng Siew Lian Lisa. Ms. Theng is the chairlady 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 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 14 November 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 14 of the Listing Rules. The Nomination Committee consists of three members, namely, Mr. Tay Yong Meng, Mr. Law Wang Chak Waltery and Mr. Tan Sin Huat Dennis. 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.

Corporate Governance Committee

Our Company established a corporate governance committee by a resolution of our Board passed on 14 November 2017 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The Corporate Governance Committee consists of three members, namely, Mr. Kenneth Teo, Ms. Theng Siew Lian Lisa and Mr. Tan Sin Huat Dennis. Mr. Kenneth Teo is the chairman of the Corporate Governance Committee.

The primary functions of our Corporate Governance Committee are to keep the effectiveness of the corporate governance and system of internal controls of our Group. Our Corporate Governance Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in our Group.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Altus Capital as our compliance adviser to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Listing Rules, it is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following circumstances:

- (i) before the publication of any regulatory announcements, circulars or financial reports under any applicable laws, rules, codes and guidelines;
- (ii) where a transaction, which might be discloseable or being a notifiable or connected transaction under Chapters 13, 14 and/or 14A of the Listing Rules, is contemplated including shares issues and share repurchases;
- (iii) where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of our Shares or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the compliance adviser will, when consulted by us in the circumstances set out in above, provide the following services:

- ensure our Company is properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;
- upon receiving reasonable prior notice from our Company, accompany our Company to any meetings with the Stock Exchange that our Company is asked to attend, unless otherwise requested by the Stock Exchange;
- no less frequently than at the time of reviewing the financial reporting of our Company under Rule 3A.23(1) of the Listing Rules and upon our Company notifying the compliance adviser of a proposed change in the use of proceeds of its initial public offering and/or placing under Rule 3A.23(3) of the Listing Rules, discuss the following (as appropriate) with our Company:
 - a. our Company's operating performance and financial condition by reference to our Company's business objectives and use of issue proceeds as stated in the Prospectus;
 - b. compliance with the terms and conditions of any waivers granted by the Stock Exchange under the Listing Rules;

DIRECTORS AND SENIOR MANAGEMENT

- c. compliance with any undertakings provided by our Company and its directors at the time of listing, and in the event of non-compliance, discuss the issue with the Board and make recommendations to the Board regarding appropriate remedial steps;
- if required by the Stock Exchange, deal with the Stock Exchange in respect of any or all matters listed in Rule 3A.23 of the Listing Rules;
 - in relation to any application by our Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise our Company on its obligations and in particular the requirement to appoint an independent financial adviser;
 - assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and to the extent the compliance adviser forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps such as training; and
 - discharge such duties and functions as may be required to be performed by the compliance adviser under Chapter 3A of the Listing Rules from time to time.

Term

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

Compensation of Directors and senior management

During the three years ended 31 December 2016, the aggregate amount of compensation paid (salary, allowances, benefits in kind, discretionary bonuses and defined contribution) by our Company to our five highest paid individuals were approximately S\$1.2 million, S\$1.3 million and S\$1.3 million, respectively.

The Executive Directors are also employees of our Company and receive, in their capacity as employees of our Company, compensation in the form of salaries and other allowances and benefits in kind. 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 three years ended 31 December 2016, the aggregate amount of compensation paid (fees, salaries, allowances, benefits in kind, discretionary bonuses and defined contribution) by our Company to our Directors were approximately S\$1.0 million, S\$1.1 million and S\$1.0 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

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 the performance of our Group. Details of the terms of the service contracts are set out in the paragraph headed "D. Further information about our Directors" 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 highest 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. Our Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be approximately S\$0.7 million for the year ending 31 December 2017.

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 paragraph headed "Insurance" under the section headed "Business" in this prospectus for further information.

Retirement Benefit Scheme

Our Group participates in the central provident fund, a mandatory social security savings scheme funded by contributions from employers and employees in Singapore, for our employees in accordance with the Central Provident Fund Act, Chapter 36 of Singapore. Please refer to the section headed "Regulatory overview" in this prospectus for further details.

SHARE CAPITAL

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

Authorised Share Capital:

	<i>HK\$</i>
<u>10,000,000,000</u> Shares	<u>100,000,000.00</u>

Without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

Issued Share Capital:

		Approximate percentage of issued share capital
	<i>HK\$</i>	<i>%</i>
2 Shares in issue	0.02	0.00
629,999,998 Shares to be issued under the Capitalisation Issue	6,299,999.98	75.00
210,000,000 Shares to be issued under the Share Offer	2,100,000.00	25.00
<u>840,000,000</u> Shares in total	<u>8,400,000.00</u>	<u>100.00</u>

RANKING

The Offer Shares are ordinary Shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this prospectus.

ALTERATIONS OF SHARE CAPITAL

Our Company may from time to time by ordinary resolution or special resolution (as the case may be) of shareholders alter the share capital of our Company. For a summary of the provisions in the Article of Association regarding alterations of share capital, see the paragraph headed “(a) Shares — (iii) Alteration of capital” under the section headed “2. Articles of Association” in Appendix IV to this prospectus.

SHARE CAPITAL

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 14 November 2017. The principal terms of the Share Option Scheme are summarised in the section headed “F. Share Option Scheme” in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and
- (ii) the aggregate nominal value of share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or
- (iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

Further details of this general mandate are set out in the paragraph headed “4. Written resolutions of our sole Shareholder passed on 14 November 2017” under the section headed “A. Further information about our Company” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following the completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may fall to be issued upon the exercise of options to be granted under the Share Option Scheme).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “5. Repurchase of our Shares” under the section headed “A. Further information about our Company” in Appendix V to this prospectus.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or
- (iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

For further details of this share repurchase mandate, see the paragraph headed “4. Written resolutions of our sole Shareholder passed on 14 November 2017” under the section headed “A. Further information about our Company” in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, 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:

Name	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately after the Capitalisation Issue and the Share Offer	
		Number of Share(s)	Percentage of shareholding in our Company	Number of Share(s)	Percentage of shareholding in our Company
HMK ⁽¹⁾	Beneficial owner	2	100%	630,000,000	75%
Mr. Tay ⁽¹⁾	Interest in a controlled corporation	2	100%	630,000,000	75%
Mrs. Tay ⁽¹⁾⁽²⁾	Deemed interest by virtue of interest held by spouse	2	100%	630,000,000	75%

Notes:

- (1) HMK, which is owned as to 90% by Mr. Tay, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo, is the beneficial owner of two Shares immediately prior to the Capitalisation Issue and the Share Offer. By virtue of the SFO, Mr. Tay and Mrs. Tay (the spouse of Mr. Tay) are deemed to be interested in all of the Shares held by HMK.
- (2) Mrs. Tay, the spouse of Mr. Tay, is deemed under the SFO to be interested in the interests held by Mr. Tay.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, 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.

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, including the notes thereto, as set out in the Accountants' Report contain in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with IFRSs. The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, prospective investors should refer to the section headed "Risk factors" in this prospectus.

OVERVIEW

We are a Design and Build M&E engineering contractor in Singapore and our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 21 June 2017 and became the holding company of Sing Moh pursuant to the Reorganisation and completed on 14 November 2017. Details of which are set out under the section headed "History, Reorganisation and corporate structure" in this prospectus. The financial information of our Group has been prepared as if our Company had been the holding company of SME and Sing Moh throughout the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform to IFRSs. The significant accounting policies adopted by our Group are set forth in detail in note 3 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 4 to the Accountants' Report set out in Appendix I to this prospectus.

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IFRS 15 Revenue from contracts with customers and related amendments

Our Group expects to apply IFRS 15 at the date of initial application (i.e. 1 January 2018). Based on the current accounting policies adopted by our Group, the revenue is recognised with reference to the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs. In accordance with IFRS 15, input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation. Thus, the timing of revenue recognition based on IFRS 15 would not significantly affect the timing of revenue recognition under the current accounting policies. As set out on page I-12 to the Accountants' Report in Appendix I, the Directors do not anticipate that the application of IFRS 15 will have a material impact on our Group's future financial statements.

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:

Continuity of our order book

Our main source of project opportunities comes from invited tenders by private customers, as our customers during the Track Record Period are mainly main contractors in Singapore. Our order book is dependent on our tender success rate which in turn is dependent on, amongst others, our pricing, our track record and the competitive environment. Our overall tender success rates were approximately 20.0%, 10.0%, 30.0% and 20.0% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our order book will affect our financial position and performance. Please refer to the paragraph headed "Project management and operations — Tender phase" under the section headed "Business" in this prospectus for further details of our tender success rates.

Pricing of our projects

Our pricing is based on markups over our estimated projects costs, which mainly comprise our material costs, staff costs, subcontracting costs and overheads. Pricing is one of the key considerations of tender evaluation by private customers, and also directly affects our project profitability. We determine the tender price by taking into account factors such as project schedule, availability of resources, type and value of projects, project complexity and scope of works, competitive environment and prevailing market conditions. For further details, please refer to the paragraph headed "Sales and marketing — Pricing and tender strategy" under the section headed "Business" in this prospectus. Our pricing directly affects our revenue, profitability and cash flows.

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Timing of projects and amount of works completed

Our revenue is recognised by reference to the stage of completion, and billing is based on approved monthly progress claims. As such, our revenue is dependent not only on the number of projects, 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 our revenue recognition policy, please refer to note 3 of the Accountants' Report set out in Appendix I to this prospectus.

Staff costs

Our staff costs are the second largest component of our cost of services and the largest component of our administrative expenses during the Track Record Period. Staff costs directly related to our projects are factored into our tender price. Staff costs comprise salaries, bonuses, contributions to the Central Provident Fund stipulated by regulations, and also costs related to the employment of foreign workers. As our operations are fairly labour intensive, our staff costs are a significant factor affecting our financial performance.

Fluctuations in cost of services

Our cost of services mainly comprise (i) material costs; (ii) staff costs; and (iii) subcontracting costs. We engage suppliers and subcontractors in Singapore and our main purchases are electrical cables, network and fibre optic cables, generators and switchboards, switchgears and electrical components, lightings and extra low voltage systems. Please refer to the paragraph headed "Suppliers" under the section headed "Business" in this prospectus for further details on our suppliers.

As part of our project risk management policy, we manage cost fluctuations by (i) buffering for inflation and possible cost increases during the contract period when submitting our tender proposal; and (ii) obtaining quotations from different suitable suppliers and/or subcontractors when placing purchase orders. Notwithstanding our management of costs, any material fluctuations in our cost of services may adversely impact our financial performance.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our material costs and staff costs (being the major components of our cost of services) on our profit before taxation during the Track Record Period.

The hypothetical fluctuation rate for material costs are set at 17.2%, being the approximate maximum annual percentage changes in the costs of cables, switchboards and lighting supplies in Singapore from 2012 to 2016 as stated in the Frost & Sullivan Report. For more details, please refer to the paragraphs headed "Raw material analysis" under the section headed "Industry overview" in this prospectus. The hypothetical fluctuation rates for staff costs are set at 6.0%, which correspond to the approximate maximum percentage changes in annual wages of Indian

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workers in the M&E industry in Singapore from 2012 to 2016 as stated in the Frost & Sullivan Report. For more details, please refer to the paragraph headed “Average monthly salary of workers in M&E industry” under the section headed “Industry overview” in this prospectus.

The above hypothetical fluctuation rates are considered reasonable for the purpose of this sensitivity analysis given that (i) the annual percentage changes reflect the key items of material purchases during the Track Record Period; and (ii) the annual percentage changes of wages of Indian workers in the M&E sector reflect our staff costs as the majority of our foreign workers are from India.

Hypothetical fluctuations in material costs	+/-17.2%
Increase/decrease in profit before taxation ⁽¹⁾	<i>S\$'000</i>
Year ended 31 December 2014	-/+1,259.6
Year ended 31 December 2015	-/+2,352.3
Year ended 31 December 2016	-/+2,290.5
Five months ended 31 May 2017	-/+833.2
Hypothetical fluctuations in staff costs	+/-6.0%
Increase/decrease in profit before taxation ⁽¹⁾	<i>S\$'000</i>
Year ended 31 December 2014	-/+312.1
Year ended 31 December 2015	-/+513.9
Year ended 31 December 2016	-/+478.5
Five months ended 31 May 2017	-/+172.5

Note:

- (1) Our profit before taxation was approximately S\$5.8 million, S\$11.8 million, S\$13.8 million and S\$3.9 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively.

Breakeven analysis

For the year ended 31 December 2014, it is estimated that we would record a breakeven with either (i) an increase in approximately 203.2% in our material costs; or (ii) an increase in approximately 327.0% in our staff costs, holding all other variables constant.

For the year ended 31 December 2015, it is estimated that we would record a breakeven with either (i) an increase in approximately 232.7% in our material costs; or (ii) an increase in approximately 431.3% 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 either (i) an increase in approximately 200.0% in our material costs; or (ii) an increase in approximately 401.0% in our staff costs, holding all other variables constant.

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For the five months ended 31 May 2017, it is estimated that we would record a breakeven with either (i) an increase in approximately 210.1% in our material costs; or (ii) an increase in approximately 422.4% in our staff costs, holding all other variables constant.

Changes in laws and regulations in Singapore governing our industry

Our business is governed by the various laws and regulations in Singapore, as summarised under the section headed “Regulatory overview” in this prospectus. Changes in laws and regulations governing our business may affect our profitability and financial performance. For instance, changes in standards mandated by the BCA and/or changes in relation to the employment of foreign workers, including levy rates, will affect our operational costs.

RESULTS OF OPERATIONS

The following is a summary of the combined statements of profit or loss and other comprehensive income of our Group for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively, derived from the Accountants’ Report set out in Appendix I to this prospectus.

	Year ended 31 December			Five months ended	
	2014	2015	2016	31 May	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(Unaudited)</i>				
Revenue	22,206	45,506	39,953	15,869	15,020
Cost of services	(12,933)	(29,529)	(22,302)	(9,617)	(8,476)
Gross profit	9,273	15,977	17,651	6,252	6,544
Other income	60	183	181	94	72
Other gains and loss, net	–	43	57	–	(183)
Administrative expenses	(3,580)	(4,434)	(4,066)	(1,744)	(1,708)
Finance costs	–	–	(3)	–	(8)
Listing expenses	–	–	–	–	(857)
Profit before taxation	5,753	11,769	13,820	4,602	3,860
Income tax expense	(984)	(1,903)	(2,272)	(787)	(755)
Profit for the year/ period	4,769	9,866	11,548	3,815	3,105

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PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

For the three years ended 31 December 2016 and the five months ended 31 May 2017, our revenue amounted to approximately S\$22.2 million, S\$45.5 million, S\$40.0 million and S\$15.0 million respectively, out of which approximately 52.7%, 52.5%, 65.0% and 85.6% were contributed by private sector projects and approximately 47.3%, 47.5%, 35.0% and 14.4% were contributed by public sector projects respectively. The following table sets forth a breakdown of our revenue by private and public sector projects for the three years ended 31 December 2016 and the five months ended 31 May 2017:

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	<i>S'000</i>	<i>% to total revenue</i>	<i>S'000</i>	<i>% to total revenue</i>	<i>S'000</i>	<i>% to total revenue</i>	<i>S'000</i>	<i>% to total revenue</i>	<i>S'000</i>	<i>% to total revenue</i>
Private sector projects	11,693	52.7	23,873	52.5	25,978	65.0	8,495	53.5	12,860	85.6
Public sector projects	10,513	47.3	21,633	47.5	13,975	35.0	7,374	46.5	2,160	14.4
Total	22,206	100.0	45,506	100.0	39,953	100.0	15,869	100.0	15,020	100.0

Cost of services

Our cost of services refer to costs that are directly related to our projects such as material costs, staff costs, subcontracting costs and overheads, and amounted to approximately S\$12.9 million, S\$29.5 million, S\$22.3 million and S\$8.5 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 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.

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	<i>SS'000</i>	<i>% to cost of services</i>	<i>SS'000</i>	<i>% to cost of services</i>	<i>SS'000</i>	<i>% to cost of services</i>	<i>SS'000</i>	<i>% to cost of services</i>	<i>SS'000</i>	<i>% to cost of services</i>
Material costs	7,323	56.6	13,676	46.3	13,317	59.7	5,964	62.0	4,844	57.1
Staff costs	5,201	40.3	8,565	29.0	7,975	35.8	3,516	36.6	2,875	33.9
Subcontracting costs	354	2.7	7,223	24.5	891	4.0	106	1.1	708	8.4
Overheads	55	0.4	65	0.2	119	0.5	31	0.3	49	0.6
Total	12,933	100.0	29,529	100.0	22,302	100.0	9,617	100.0	8,476	100.0

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During the Track Record Period, material cost was the largest component of our cost of services. The table below sets forth a further breakdown of material cost for the periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2014		2015		2016		2016		2017	
	<i>SS'000</i>	<i>% to material costs</i>	<i>SS'000</i>	<i>% to material costs</i>	<i>SS'000</i>	<i>% to material costs</i>	<i>SS'000</i>	<i>% to material costs</i>	<i>SS'000</i>	<i>% to material costs</i>
Electrical,										
network cables										
and fibre optic										
cables	1,874	25.6	5,452	39.9	3,703	27.8	1,966	33.0	2,094	43.2
Generators and										
switchboards	1,322	18.1	3,270	23.9	2,333	17.5	1,049	17.6	162	3.3
Switchgears and										
electrical										
components	1,207	16.5	2,294	16.8	1,648	12.4	830	13.9	631	13.0
Lightings	1,006	13.7	993	7.3	1,565	11.8	693	11.6	528	10.9
Extra low voltage										
systems	1,375	18.8	1,373	10.0	3,110	23.4	1,213	20.3	1,085	22.4
Others	539	7.3	294	2.1	958	7.1	213	3.6	344	7.2
Total	7,323	100.0	13,676	100.0	13,317	100.0	5,964	100.0	4,844	100.0

During the Track Record Period, our cost of services mainly comprised material costs, staff costs, subcontracting costs and overheads (which related mainly to transportation expenses, project insurance and consultancy fees).

Given that the materials to be installed are usually delivered by our suppliers directly to our project sites for immediate consumption and only insignificant amount of inventory is kept at our project sites due to limitation of storage space at work sites, our Group did not have significant amount of uninstalled materials as at 31 December 2015 and 2016 and 31 May 2017. Thus, the financial impact of the uninstalled materials in the application of IFRS 15 is considered insignificant. Also, in view of the insignificant amount of uninstalled materials, it would not materially affect our Group's percentage of completion.

We typically do not tender for projects where a significant portion of works have to be subcontracted as we aim to optimise our staff strength of more than 240 employees directly engaged in project implementation. During the Track Record Period, we had engaged subcontractors mainly for air-conditioning and mechanical ventilation systems, and fire protection systems, and in certain instance, to provide us on-site support to meet project timing. In particular, during the year ended 31 December 2015, our subcontracting costs were significantly higher due to the requirements of three projects which required installations of air-conditioning and mechanical ventilation systems, and fire protection systems that we did not have sufficient internal resources to meet these projects' requirements. Please refer to the paragraph headed "Period to period comparison of results of operations" in this section for reasons for the fluctuation of our cost of services during the Track Record Period.

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Gross profit

Our gross profit was approximately S\$9.3 million, S\$16.0 million, S\$17.7 million and S\$6.5 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. The following table sets forth the gross profit and gross profit margin for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively:

	Year ended 31 December								
	2014			2015			2016		
	Revenue	Gross profit		Revenue	Gross profit		Revenue	Gross profit	
		\$S'000	\$S'000		%	\$S'000		\$S'000	%
Private sector projects	11,693	4,741	40.5	23,873	8,650	36.2	25,978	9,994	38.5
Public sector projects	10,513	4,532	43.1	21,633	7,327	33.9	13,975	7,657	54.8
Total	22,206	9,273	41.8	45,506	15,977	35.1	39,953	17,651	44.2

	Five months ended 31 May						
	2016			2017			
	Revenue	Gross profit		Revenue	Gross profit		Gross profit margin
		\$S'000	\$S'000		%	\$S'000	
Private sector projects	8,495	2,455	28.9	12,860	5,687	44.2	
Public sector projects	7,374	3,797	51.5	2,160	857	39.7	
Total	15,869	6,252	39.4	15,020	6,544	43.6	

As seen from the table above, there was no particular trend for our gross profit margins whether a project is a private sector project or a public sector project (both of which our customer is a private customer). As detailed under the paragraph headed “M&E services” under the section headed “Business” in this prospectus, a project with higher portion of subcontracted works would typically lead to higher subcontracting costs and lower profitability. For the year ended 31 December 2016, our gross profit margin of approximately 44.2% was the highest during the Track Record Period in part due to a public educational institution project whereby the M&E installations were installed off-site which reduced overall staff costs, and improved our profitability. Please refer to the paragraph headed “Period to period comparison of results of operations” in this section for the reasons for the fluctuations of our gross profit margins during the Track Record Period.

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Other income, and other gains and loss, net

Our other income, mainly comprised interest income, dividend income and government grants. Other gains and loss comprised gain on disposal of property, plant and equipment, and revaluation deficit of a property. The table below sets forth a breakdown for the years/ periods indicated.

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(Unaudited)</i>				
Other income					
Interest income	6	26	73	32	40
Dividend income	2	2	2	2	2
Government grants	30	135	96	51	30
Others	<u>22</u>	<u>20</u>	<u>10</u>	<u>9</u>	<u>–</u>
Total	<u><u>60</u></u>	<u><u>183</u></u>	<u><u>181</u></u>	<u><u>94</u></u>	<u><u>72</u></u>
Other gains and loss					
Gain on disposal of property, plant and equipment	–	43	57	–	–
Revaluation deficit of a property	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(183)</u>
Total	<u><u>–</u></u>	<u><u>43</u></u>	<u><u>57</u></u>	<u><u>–</u></u>	<u><u>(183)</u></u>

Interest income related to interest earned from our pledged fixed deposits and bank deposits. Dividend income related to dividends earned from our available-for-sale investment, please refer to the paragraph headed “Available-for-sale investment” in this section for details of the abovementioned equity security. Government grants related to Construction Productivity and Capability Fund, Temporary Employment Credit, Special Employment Credit and Wage Credit Scheme. Please refer to the paragraph headed “Government schemes” under the section headed “Regulatory overview” in this prospectus for further details on the nature and conditions of the government grants. Gain on disposal mainly related to gains on disposal of our motor vehicles. Revaluation deficit of a property referred to the revaluation loss arising from revaluation of our second self-owned property located at 202 Tagore Lane, Singapore 787591. Others mainly related to items such as certain miscellaneous sales in relation to scrap materials.

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Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the years/ periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(Unaudited)</i>	
Staff costs	2,298	2,443	2,290	968	961
Depreciation	310	366	334	140	177
Rental expense	7	525	543	265	199
Travelling expense	348	442	212	71	72
Insurance	98	180	158	100	54
Professional fees	103	71	147	49	97
Upkeep of equipment and premises	52	69	70	41	12
Staff training	72	58	38	9	21
Utilities	20	17	15	5	6
Other miscellaneous expenses	<u>272</u>	<u>263</u>	<u>259</u>	<u>96</u>	<u>109</u>
Total	<u>3,580</u>	<u>4,434</u>	<u>4,066</u>	<u>1,744</u>	<u>1,708</u>

Our administrative expenses amounted to approximately 16.1%, 9.7%, 10.2% and 11.4% of our total revenue for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our administrative expenses mainly comprised staff costs, which remained relatively stable during the Track Record Period as we managed our operations with a relatively stable number of staff (excluding staff who are directly involved in projects). The following table sets forth a breakdown of staff costs (comprising salaries and allowance, bonus and contribution to retirement benefit scheme) for the years/ periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(Unaudited)</i>	
Executive Directors' remuneration ⁽¹⁾	1,034	1,085	1,040	426	431
Two additional individuals', who are among the five highest paid individuals ⁽¹⁾	212	240	277	104	134
Other employees	<u>1,052</u>	<u>1,118</u>	<u>973</u>	<u>438</u>	<u>196</u>
	<u>2,298</u>	<u>2,443</u>	<u>2,290</u>	<u>968</u>	<u>961</u>

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Note:

- (1) Please refer to note 11 of the Accountants' Report set out in Appendix I to this prospectus for further details of the breakdown of the remuneration of our Executive Directors and the five highest paid individuals during the Track Record Period.

Depreciation related to depreciation of our property, plant and equipment that was not directly used in our projects. Rental expenses related to the rental of dormitories for our foreign workers as our self-owned dormitory at our current premise was insufficient to accommodate our increased workforce for the year ended 31 December 2015 and 2016 (please refer to the paragraph headed "Property interests" under the section headed "Business" in this prospectus). Travelling expenses related to transportation costs in relation to the use of our motor vehicles, and upkeep of motor vehicles. Insurance related to costs of maintaining insurance policies (please refer to the paragraph headed "Insurance" under the section headed "Business" in this prospectus). Professional fees related to fees paid for audit services, legal and other professional advisory services. Upkeep of equipment and premise related to expenses incurred for the repair and maintenance of equipment and for the wear and tear of our self-owned properties' renovations and fittings. Staff training related to external training costs that our employees enrolled in (please refer to the paragraph headed "Employees" under the section headed "Business" in this prospectus). Utilities included water and electricity expenses. Other miscellaneous expenses included expenditure for entertainment and property tax. Please refer to the paragraph headed "Period to period comparison of results of operations" in this section for the reasons for the fluctuations of our administrative expenses during the Track Record Period.

Finance costs

Our finance costs comprised interest expenses on obligations under finance leases for our motor vehicles and bank borrowing. Our finance costs amounted to nil, nil, approximately S\$3,000 and S\$8,000 for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. The increase in finance costs for the five months ended 31 May 2017 was mainly due to the increase in obligations under finance leases and bank borrowing, which was related to the finance leases for our motor vehicles and the drawdown of the mortgage loan for our second self-owned property acquired in March 2017.

Income tax expense

Since our operation is based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. For further details, please refer to the paragraph headed "Singapore taxation" under the section headed "Regulatory overview" in this prospectus. Our income tax expenses amounted to approximately S\$1.0 million, S\$1.9 million, S\$2.3 million and S\$0.8 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively.

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The statutory corporate tax rate in Singapore was 17.0% throughout the Track Record Period, while our corresponding effective tax rate were approximately 17.1%, 16.2%, 16.4% and 19.6% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. The taxation for the years/ periods can be reconciled to the profit before taxation as below:

	Year ended 31 December			Five months ended	
	2014	2015	2016	31 May	
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				<i>(Unaudited)</i>	
Profit before taxation	5,753	11,769	13,820	4,602	3,860
Tax at applicable rate of 17.0%	978	2,001	2,349	782	656
Tax effect of expenses not deductible for tax purpose	128	64	38	28	187
Tax effect of income not taxable for tax purpose	–	(4)	(12)	–	–
Effect of tax concessions and partial tax exemptions	(122)	(158)	(103)	(23)	(88)
Taxation for the year/ period	984	1,903	2,272	787	755

Expenses not deductible for tax purpose were related mainly to our listing expenses. The tax concessions and partial tax exemptions during the Track Record Period were related to partial tax exemptions and corporate income tax rebates. Our Directors have confirmed that all relevant taxes had been paid when due and there are no disputes or unresolved tax issues with the relevant tax authorities based on our submitted tax computations. Please refer to note 8 of the Accountants' Report set out in Appendix I to this prospectus for further details.

Due to an accounting adjustment arising from an accounting error in the revenue recognition method applied prior to the Track Record Period, the Group's opening balance of retained earnings brought forward as at 1 January 2014 was restated, which has been incorporated in the financial information included in the Accountants' Report set out in Appendix I to this prospectus. A corresponding additional tax provision of approximately S\$0.2 million has been recorded in the books of the Group. We had submitted revised tax computations to the tax authority with regard to the adjusted financial information in order for them to conduct a tax reassessment, if necessary. As advised by the tax representative of the Company which is a reputable international accounting firm, our Directors confirm that the Group has complied with Singapore tax laws and regulations in respect of the aforementioned accounting adjustments. We had appointed a chief financial officer with nine years of experience in accounting and auditing in January 2017 who is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Going forward, we believe our Chief Financial Officer can ensure that our financial information (including those relating to taxation) is adequately prepared.

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2014 compared to year ended 31 December 2015

Revenue

Revenue for the two years ended 31 December 2015 were contributed by private and public sector projects as follows:

	Year ended 31 December					
	2014			2015		
	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>
Private sector projects	11	11,693	52.7	9	23,873	52.5
Public sector projects	10	10,513	47.3	6	21,633	47.5
Total	21	22,206	100.0	15	45,506	100.0

Our revenue increased by approximately S\$23.3 million or 104.9%, from approximately S\$22.2 million for the year ended 31 December 2014 to approximately S\$45.5 million for the year ended 31 December 2015, which was mainly due to the combined effect of the following:

- (i) Increase in revenue contributed by private sector projects of approximately S\$12.2 million

Revenue contributed by private sector projects increased from approximately S\$11.7 million for the year ended 31 December 2014 to approximately S\$23.9 million for the year ended 31 December 2015. This was mainly due to increased works for three projects performed in 2015 (Project #3, Project #16 and Project #22, project reference number corresponds with that in the table disclosed in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus) with an aggregate revenue recognised of approximately S\$11.9 million for the year ended 31 December 2015.

- (ii) Increase in revenue contributed by public sector projects of approximately S\$11.1 million

Revenue contributed by public sector projects increased from approximately S\$10.5 million for the year ended 31 December 2014 to approximately S\$21.6 million for the year ended 31 December 2015 respectively. This was mainly due to increased works for two bus depot projects performed in 2015 (Project #6 and Project #10) with an aggregate revenue recognised of approximately S\$12.8 million for the year ended 31 December 2015.

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Aside from the aforementioned projects, there were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial years.

Cost of services

Our cost of services increased by approximately S\$16.6 million or 128.3%, from approximately S\$12.9 million for the year ended 31 December 2014 to approximately S\$29.5 million for the year ended 31 December 2015, mainly due to an increase in our revenue for the corresponding period. Please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income” in this section for the breakdown of our cost components. Comparing our cost of services for the two years ended 31 December 2015:

- (i) Our material costs increased from approximately S\$7.3 million for the year ended 31 December 2014 to approximately S\$13.7 million for the year ended 31 December 2015. This was mainly due to the increase in amount of works performed for the year ended 31 December 2015. The type of material purchases varied from year-to-year depending on our projects’ needs; during the year ended 31 December 2015, the two bus depot projects (Project #6 and Project #10) required more cabling as the land area of bus depots were wider but required less expensive lighting products as compared to private buildings. Please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income” in this section for a further breakdown of our material costs;
- (ii) Our staff costs increased from approximately S\$5.2 million for the year ended 31 December 2014 to approximately S\$8.6 million for the year ended 31 December 2015. This was mainly due to the increase in amount of works performed for the year ended 31 December 2015, as our works are labour-intensive; and
- (iii) Our subcontracting costs increased from approximately S\$0.4 million for the year ended 31 December 2014 to approximately S\$7.2 million for the year ended 31 December 2015. This was mainly due to the increased subcontracting works for three of our projects with significant works performed during the year ended 31 December 2015 (Project #6, Project #10 and Project #16). Project #6 and Project #10 were for bus depots which required our scope of services to include significant works for air-conditioning and mechanical ventilation systems, and fire protection systems, whereas Project #16 was for mixed residential and commercial development project which also required similar kind of subcontracting works. All three of these projects represented new types of building developments to our project track record, and as such serves to build our experience and diversify our project portfolio. Please refer to the paragraph headed “M&E services” under the section headed “Business” in this prospectus for further details of projects with subcontracted M&E works.

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Gross profit and gross profit margin

Our gross profit increased by approximately S\$6.7 million or 72.3%, from approximately S\$9.3 million for the year ended 31 December 2014 to approximately S\$16.0 million for the year ended 31 December 2015. Our gross profit margin decreased from approximately 41.8% for the year ended 31 December 2014 to approximately 35.1% for the year ended 31 December 2015 mainly due to the increase in our subcontracting costs, attributed to higher subcontracted works for three projects during the year ended 31 December 2015 as explained above (Project #6, Project #10 and Project #16).

The following table sets forth the gross profit and gross profit margin for the two years ended 31 December 2015 respectively:

	Year ended 31 December					
	2014			2015		
	Revenue <i>S\$'000</i>	Gross profit <i>S\$'000</i>	Gross profit margin %	Revenue <i>S\$'000</i>	Gross profit <i>S\$'000</i>	Gross profit margin %
Private sector projects	11,693	4,741	40.5	23,873	8,650	36.2
Public sector projects	<u>10,513</u>	<u>4,532</u>	<u>43.1</u>	<u>21,633</u>	<u>7,327</u>	<u>33.9</u>
Total	<u><u>22,206</u></u>	<u><u>9,273</u></u>	<u><u>41.8</u></u>	<u><u>45,506</u></u>	<u><u>15,977</u></u>	<u><u>35.1</u></u>

As seen from the above table, there were no particular trend for our gross profit margins whether a project is a private sector or public sector project. On the other hand, the lower gross profit margins during the year ended 31 December 2015 were mainly due to the three projects (Project #6, Project #10 and Project #16, two of which were public sector projects) with significant subcontracted works. As disclosed in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus, the three projects had higher revenue recognised during the year ended 31 December 2015 and thus given the significant subcontracting costs for these projects, the impact of lower project profitability was more evident in

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that year. An extract of the project table in the paragraph headed “Project undertaken during the Track Record Period” under the section headed “Business” in this prospectus is presented below for ease of reference:

#	Type of building development	Sector	Scope of works	Contract value S\$ million	Contract date	Completion date	Revenue recognised				Gross profit margin	
							Year ended 31 December		Five months ended 31 May 2017	Track Record Period	Track Record Period	Approximate to the nearest 5%
							2014 S\$ million	2015 S\$ million				
1	Educational institution	Public	Build and installations of M&E systems	18.7	December 2014	September 2016	*	4.7	13.9	0.1	18.7	55%
4	Bus depot	Public	Design and Build, and installation of M&E systems	7.1	July 2014	June 2015	0.1	7.0	-	-	7.1	25%
7	Bus depot	Public	Design and Build, and installation of M&E systems	6.4	September 2014	June 2015	0.6	5.8	-	-	6.4	30%
11	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	3.4	March 2013	June 2016	0.1	2.5	0.8	-	3.4	20%

Note:

* negligible

Despite more revenue recognised for Project #6 and Project #10 (public sector projects), as compared to Project #16 (private sector project), the gross profit margin for public sector projects for the year ended 31 December 2015 was only slightly lower at approximately 33.9% as compared to that of private sector projects of approximately 36.2% as Project #1 recorded higher gross profit margin and contributed significant revenue for the year ended 31 December 2015. Project #1 therefore had the effect of reducing the impact of lower gross profit margin of Project #6 and Project #10 for the public sector for the year ended 31 December 2015. Project #1 was an educational institutional project which was noted by the BCA in a local magazine publication (in November/ December 2015 issue) as being Singapore’s first high-rise building that employed PPVC method of construction. The M&E installation for Project #1 was performed off-site in Singapore, and subsequently each PPVC module was moved to on-site for construction. As such, the labour costs for this project was lower, resulting in increased profitability.

Other income

Our other income increased by approximately S\$0.1 million or 205.0%, from approximately S\$60,000 for the year ended 31 December 2014 to approximately S\$183,000 for the year ended 31 December 2015. This was mainly due to the increase in government grants, primarily in relation to an increase in approximately S\$80,000 of Construction Productivity and Capability Fund where we obtained grants in relation to workforce training and upgrading, and mechanisation credit. Please refer to the paragraph headed “Government schemes” under the section headed “Regulatory overview” in this prospectus for further details of these schemes.

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Administrative expenses

Our administrative expenses increased by approximately S\$0.8 million or 23.9%, from approximately S\$3.6 million for the year ended 31 December 2014 to approximately S\$4.4 million for the year ended 31 December 2015. Such increase was primarily due to the increase in rental expenses from approximately S\$7,000 for the year ended 31 December 2014 to approximately S\$0.5 million for the year ended 31 December 2015. This was due to the leasing of dormitories from Independent Third Parties as our foreign workers increased in 2015 and our self-owned dormitory was insufficient to accumulate all our foreign workers.

Our staff costs did not increase proportionately with our revenue, reflected in a lower percentage of staff costs to our total revenue from approximately 10.3% for the year ended 31 December 2014 to approximately 5.4% for the year ended 31 December 2015. This was because we managed our operations with a relatively stable number of staff (other than those directly involved in projects whose costs were captured under the cost of services).

Income tax expense

Our income tax expense increased by approximately S\$0.9 million or 93.4%, from approximately S\$1.0 million for the year ended 31 December 2014 to approximately S\$1.9 million for the year ended 31 December 2015. Such increase was mainly due to the increase in profitability of our projects. Our effective tax rate was approximately 17.1% and 16.2% for the two years ended 31 December 2015 respectively, and the slightly lower tax rate of approximately 16.2% was attributed to partial tax exemptions and corporate income tax rebate.

Profit for the year

Our profit for the year increased by approximately S\$5.1 million or 106.9%, from approximately S\$4.8 million for the year ended 31 December 2014 to approximately S\$9.9 million for the year ended 31 December 2015. This was mainly attributable to the increase in revenue and gross profits, and less than proportional increase in administrative expenses as explained above.

Profit margin

Our profit margin remained stable at approximately 21.5% and 21.7% for the two years ended 31 December 2015, which was mainly due to combined effect of lower gross profit margin and less than proportionate increases in our administrative expenses as explained above.

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Year ended 31 December 2015 compared to year ended 31 December 2016

Revenue

Revenue for the two years ended 31 December 2016 were contributed by private and public sector projects as follows:

	Year ended 31 December					
	2015			2016		
	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>
Private sector projects	9	23,873	52.5	9	25,978	65.0
Public sector projects	<u>6</u>	<u>21,633</u>	<u>47.5</u>	<u>2</u>	<u>13,975</u>	<u>35.0</u>
Total	<u>15</u>	<u>45,506</u>	<u>100.0</u>	<u>11</u>	<u>39,953</u>	<u>100.0</u>

Our revenue decreased by approximately S\$5.5 million or 12.2%, from approximately S\$45.5 million for the year ended 31 December 2015 to approximately S\$40.0 million for the year ended 31 December 2016, which was mainly due to the decrease in revenue contributed by public sector projects from approximately S\$21.6 million for the year ended 31 December 2015 to approximately S\$14.0 million for the year ended 31 December 2016. Such decrease in revenue was mainly due to the completion of works for two bus depot projects (Project #6 and Project #10, project reference number corresponds with that in the table disclosed in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus) which recorded an aggregate revenue of approximately S\$12.8 million for the year ended 31 December 2015 (and nil for the year ended 31 December 2016). Aside from the aforementioned projects, our revenue contributed from private sector projects remained relatively stable at approximately S\$23.9 million and S\$26.0 million for the two years ended 31 December 2016.

Cost of services

Our cost of services decreased by approximately S\$7.2 million or 24.5%, from approximately S\$29.5 million for the year ended 31 December 2015 to approximately S\$22.3 million for the year ended 31 December 2016, which was mainly due to a decrease in amount of works performed for the corresponding period. Please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income” in this section for the breakdown of our cost components. Comparing our cost of services for the two years ended 31 December 2016:

- (i) our material costs decreased from approximately S\$13.7 million for the year ended 31 December 2015 to approximately S\$13.3 million for the year ended 31 December 2016. This was mainly due to the decrease in amount of works performed for the year ended 31 December 2016. The type of material purchases varied from year-to-year depending on

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our projects' needs during the year ended 31 December 2016, during which we had a higher proportion of extra low voltage systems due to Project #1 whereby we had to install card-access security systems for the educational institution (and less work were performed for this period). Please refer to the paragraph headed "Principal components of combined statements of profit or loss and other comprehensive income" in this section for a further breakdown of our material costs;

- (ii) our staff costs decreased from approximately S\$8.6 million for the year ended 31 December 2015 to approximately S\$8.0 million for the year ended 31 December 2016. This was partly due to Project #1, a public educational institution project, whereby the M&E installations were installed off-site in Singapore which reduced overall staff costs incurred; and
- (iii) our subcontracting costs decreased from approximately S\$7.2 million for the year ended 31 December 2015 to approximately S\$0.9 million for the year ended 31 December 2016. This was mainly due to the completion of two bus depot projects in 2015 (Project #6 and Project #10) and lesser works performed for the mixed residential and commercial development project (Project #16). As these three projects required significant subcontracted works for air-conditioning and mechanical ventilation systems, and fire protection systems, the completion of or lesser works performed in 2016 reduced our subcontracting costs.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$1.7 million or 10.5%, from approximately S\$16.0 million for the year ended 31 December 2015 to approximately S\$17.7 million for the year ended 31 December 2016, despite a decrease in revenue for the year ended 31 December 2016. Our gross profit margin increased from approximately 35.1% for the year ended 31 December 2015 to approximately 44.2% for the year ended 31 December 2016, such increase was mainly due to (i) the higher profitability for Project #1 and Project #22 (with gross profit margin of approximately 55.0% and 44.0% respectively for the year ended 31 December 2016) which had significant amount of works performed and revenue recognised for the year ended 31 December 2016 (revenue recognised for Project #1 and Project #22 were approximately S\$13.9 million and S\$10.7 million respectively, representing approximately 34.8% and 26.8% of our Group's total revenue for the year ended 31 December 2016); and (ii) the completion of or lesser works performed in 2016 for the three projects (Project #6, Project #10 and Project #16) whereby significant subcontracting costs were incurred.

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The following table sets forth the gross profit and gross profit margin for the two years ended 31 December 2016 respectively:

	Year ended 31 December					
	2015			2016		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	<i>S\$'000</i>	<i>S\$'000</i>	%	<i>S\$'000</i>	<i>S\$'000</i>	%
Private sector projects	23,873	8,650	36.2	25,978	9,994	38.5
Public sector projects	21,633	7,327	33.9	13,975	7,657	54.8
Total	45,506	15,977	35.1	39,953	17,651	44.2

As seen from the above table, gross profits and gross profit margins improved for both private and public sector projects as explained above. The extract of the project table in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus is presented below for ease of reference:

#	Type of building development	Sector	Scope of works	Contract value <i>S\$ million</i>	Contract date	Completion date	Revenue recognised				Gross profit margin	
							Year ended 31 December			Five months ended	Track Record	Track Record
							2014	2015	2016	31 May 2017	Period	Period
							<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>Approximate to the nearest 5%</i>
1	Educational institution	Public	Build and installations of M&E systems	18.7	December 2014	September 2016	*	4.7	13.9	0.1	18.7	55%
6	Bus depot	Public	Design and Build, and installation of M&E systems	7.1	July 2014	June 2015	0.1	7.0	-	-	7.1	25%
10	Bus depot	Public	Design and Build, and installation of M&E systems	6.4	September 2014	June 2015	0.6	5.8	-	-	6.4	30%
16	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	3.4	March 2013	June 2016	0.1	2.5	0.8	-	3.4	20%
22	Private residential	Private	Design and Build, and installation of M&E systems	18.9	October 2013	July 2017	0.7	4.1	10.7	2.9	18.4	45%

Note:

* negligible

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The following table sets forth a comparison of the gross profit and gross profit margin for the five months ended 31 May 2016 and the year ended 31 December 2016 respectively:

	Five months ended 31 May 2016			Year ended 31 December 2016		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	<i>S\$'000</i>	<i>S\$'000</i>	%	<i>S\$'000</i>	<i>S\$'000</i>	%
Private sector projects	8,495	2,455	28.9	25,978	9,994	38.5
Public sector projects	7,374	3,797	51.5	13,975	7,657	54.8
Total	15,869	6,252	39.4	39,953	17,651	44.2

As set out in the above table, the gross profit margin for private sector projects increased from approximately 28.9% for the five months ended 31 May 2016 to approximately 38.5% for the year ended 31 December 2016. This was mainly due to Project #22, a private residential project, which recorded gross profit margin of approximately 22.9% and 44.0% for the five months ended 31 May 2016 and the year ended 31 December 2016 respectively. In the early part of 2016, the total budgeted costs for this project included labour costs which corresponded to an estimated long construction schedule and site installation time. As such, the estimated total costs had initially been comparatively higher. As the project progressed (i.e. approximately halfway through the project) during the period from 1 June 2016 to 31 December 2016, it was noted that this project could be managed with less labour costs and material costs due to changes in design and shorter construction schedule and site installation time, and thus the estimated total costs was revised to a lower level than that initially anticipated. Based on the revised total estimated costs, our percentage of completion with reference to the proportion of contract costs incurred to such total estimated contract costs became correspondingly higher. As a result, we recognised higher revenue while costs remained stable, giving rise to higher gross profit margin of approximately 44.0% for the year ended 31 December 2016 compared to the gross profit margin recorded for the five months ended 31 May 2016. Project #22 achieved an overall gross profit margin of approximately 45% (to the nearest 5%) for the Track Record Period.

Other income

Our other income remained stable at approximately S\$0.2 million for each of the two years ended 31 December 2016.

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Administrative expenses

Our administrative expenses decreased by approximately S\$0.3 million or 8.3%, from approximately S\$4.4 million for the year ended 31 December 2015 to approximately S\$4.1 million for the year ended 31 December 2016. Such decrease was primarily due to:

- (i) Our staff costs decreased from approximately S\$2.4 million for the year ended 31 December 2015 to approximately S\$2.3 million for the year ended 31 December 2016. This was mainly due to a decrease in bonuses paid out as several staff resigned before bonus payments, and lower directors' bonus payments. As explained above, staff costs in administrative expenses represented costs for employees whose costs were not captured under cost of services, and by nature, these staff costs were not closely related to revenue fluctuation; and
- (ii) Our travelling expenses decreased from approximately S\$0.4 million for the year ended 31 December 2015 to approximately S\$0.2 million for the year ended 31 December 2016. This was mainly due to the absence of transportation allowance for our senior management as we provided company vehicle during the year ended 31 December 2016.

Income tax expense

Our income tax expense increased by approximately S\$0.4 million or 19.4%, from approximately S\$1.9 million for the year ended 31 December 2015 to approximately S\$2.3 million for the year ended 31 December 2016. Such increase was mainly due to the increase in the profitability of our projects. Our effective tax rate was stable at approximately 16.2% and 16.4% for the two years ended 31 December 2016.

Profit for the year

Our profit for the year increased by approximately S\$1.6 million or 17.0%, from approximately S\$9.9 million for the year ended 31 December 2015 to approximately S\$11.5 million for the year ended 31 December 2016. This was mainly attributable to the increase in gross profits as explained above.

Profit margin

Our profit margin increased from approximately 21.7% for the year ended 31 December 2015 to approximately 28.9% for the year ended 31 December 2016, mainly due to higher gross profit margin as explained above.

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Five months ended 31 May 2016 compared to five months ended 31 May 2017

Revenue

Revenue for the five months ended 31 May 2016 and 2017 were contributed by private and public sector projects as follows:

	Five months ended 31 May					
	2016			2017		
	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>	<i>Number of projects with revenue contribution</i>	<i>S\$'000</i>	<i>% to total revenue</i>
Private sector projects	9	8,495	53.5	7	12,860	85.6
Public sector projects	<u>1</u>	<u>7,374</u>	<u>46.5</u>	<u>4</u>	<u>2,160</u>	<u>14.4</u>
Total	<u>10</u>	<u>15,869</u>	<u>100.0</u>	<u>11</u>	<u>15,020</u>	<u>100.0</u>

Our revenue decreased slightly by approximately S\$0.9 million or 5.4%, from approximately S\$15.9 million for the five months ended 31 May 2016 to approximately S\$15.0 million for the five months ended 31 May 2017, which was mainly due to the decrease in revenue contributed by public sector projects from approximately S\$7.4 million for the five months ended 31 May 2016 to approximately S\$2.2 million for the five months ended 31 May 2017. Such decrease in revenue was mainly due to the majority of works having been performed for a public sector project (Project #1, project reference number corresponds with that in the table disclosed in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus) which recorded revenue of approximately S\$7.4 million for the five months ended 31 May 2016 (and approximately S\$0.1 million for the five months ended 31 May 2017). On the other hand, revenue contributed by private sector projects increased from approximately S\$8.5 million for the five months ended 31 May 2016 to approximately S\$12.9 million for the five months ended 31 May 2017, mainly due to more works performed for a private sector project (Project #21) which contributed revenue of approximately S\$7.0 million for the five months ended 31 May 2017 (and only approximately S\$0.2 million for the five months ended 31 May 2016). Aside from the aforementioned projects, there were increases and decreases in revenue recognised from our projects due to varying amount of works performed in different financial periods.

Cost of services

Our cost of services decreased by approximately S\$1.1 million or 11.9%, from approximately S\$9.6 million for the five months ended 31 May 2016 to approximately S\$8.5 million for the five months ended 31 May 2017, which was mainly due to decrease in our revenue and less corresponding costs incurred for the additional revenue recognised upon the substantial completion of one private sector project (Project #22). Please refer to the paragraph headed “Principal components of combined statements of profit or loss and other comprehensive income” in this section for the breakdown of our cost components.

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Comparing our costs of services for the five months ended 31 May 2016 and 2017, the main decrease were in relation to our material costs which decreased from approximately S\$6.0 million for the five months ended 31 May 2016 to approximately S\$4.8 million for the five months ended 31 May 2017. This was mainly due to the decrease in amount of works performed for the five months ended 31 May 2017, in particular, (i) for Project #1 which required the purchases of extra low voltage systems that were to be installed for the public educational institution (and less works were performed for this period for the five months ended 31 May 2017); and (ii) for Project #22, higher material costs in relation to switchboards were incurred for the five months ended 31 May 2016. On the other hand, our subcontracting costs increased from approximately S\$0.1 million for the five months ended 31 May 2016 to approximately S\$0.7 million for the five months ended 31 May 2017, mainly due to Project #21 which was our highest contract value to date of approximately S\$21.4 million and required hiring subcontractors for on-site support due to the scale and timing of the project.

Gross profit and gross profit margin

Our gross profit increased slightly by approximately S\$0.2 million or 4.7%, from approximately S\$6.3 million for the five months ended 31 May 2016 to approximately S\$6.5 million for the five months ended 31 May 2017, despite a decrease in revenue for the five months ended 31 May 2017. Our gross profit margin increased from approximately 39.4% for the five months ended 31 May 2016 to approximately 43.6% for the five months ended 31 May 2017 mainly due to the gross profits contributed by one private sector project (Project #22) whereby its gross profit margin for the Track Record Period was above 40%. For this project, there were additional revenue recognised for the five months ended 31 May 2017 upon the substantial completion of this project for which there were less corresponding costs incurred during the same period. The gross profits and gross profit margin decreased for public sector projects due to less works being performed for a more profitable public sector project (Project #1) for the five months ended 31 May 2017.

The following table sets forth the gross profit and gross profit margin for the five months ended 31 May 2016 and 2017 respectively:

	Five months ended 31 May					
	2016			2017		
	Revenue <i>S\$'000</i>	Gross profit <i>S\$'000</i>	Gross profit margin %	Revenue <i>S\$'000</i>	Gross profit <i>S\$'000</i>	Gross profit margin %
Private sector projects	8,495	2,455	28.9	12,860	5,687	44.2
Public sector projects	<u>7,374</u>	<u>3,797</u>	<u>51.5</u>	<u>2,160</u>	<u>857</u>	<u>39.7</u>
Total	<u><u>15,869</u></u>	<u><u>6,252</u></u>	<u><u>39.4</u></u>	<u><u>15,020</u></u>	<u><u>6,544</u></u>	<u><u>43.6</u></u>

FINANCIAL INFORMATION

As seen from the above table, gross profits and gross profit margins decreased for public sector projects but increased for private sector projects. The extract of the project table in the paragraph headed “Projects undertaken during the Track Record Period” under the section headed “Business” in this prospectus is presented below for ease of reference, with additional information for the revenue recognised for the five months ended 31 May 2016:

#	Type of building development	Sector	Scope of works	Contract value \$ million	Contract date	Completion/ Expected completion date	Revenue recognised		Gross profit margin
							Five months ended 31 May		Track Record Period Approximate to the nearest 5%
							2016 \$ million	2017 \$ million	
1	Educational institution	Public	Build and installation of M&E systems	18.7	December 2014	September 2016	7.4	0.1	55%
21	Mixed residential and commercial	Private	Design and Build, and installation of M&E systems	21.4	January 2016	August 2018	0.2	7.0	30%
22	Private residential	Private	Design and Build, and installation of M&E systems	18.9	October 2013	July 2017	3.5	2.9	45%

Other income

Our other income decreased slightly from approximately S\$94,000 for the five months ended 31 May 2016 to approximately S\$72,000 for the five months ended 31 May 2017. This was mainly due to decrease in government grants from approximately S\$51,000 for the five months ended 31 May 2016 to approximately S\$30,000 for the five months ended 31 May 2017 due to lower amounts received under the Wage Credit Scheme.

Other gains and loss

During the five months ended 31 May 2017, there was a revaluation deficit of our second self-owned property of approximately S\$0.2 million.

Administrative expenses

Our administrative expenses remained stable at approximately S\$1.7 million for each of the five months ended 31 May 2016 and 2017.

Income tax expenses

Our income tax expense decreased slightly by approximately S\$32,000 or 4.1%, from approximately S\$787,000 for the five months ended 31 May 2016 to approximately S\$755,000 for the five months ended 31 May 2017. This was mainly due to the decrease in our profitability for the five months ended 31 May 2017.

Profit for the period

Our profit for the period decreased by approximately S\$0.7 million or 18.6%, from approximately S\$3.8 million for the five months ended 31 May 2016 to approximately S\$3.1 million for the five months ended 31 May 2017. This was despite a slight increase in our gross profits due mainly to the listing expenses of approximately S\$0.9 million for the five months ended 31 May 2017.

FINANCIAL INFORMATION

Profit margin

Our profit margin decreased slightly from 24.0% for the five months ended 31 May 2016 to approximately 20.7% for the five months ended 31 May 2017, mainly due to the listing expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from our internal generated funds. Our primary uses of cash are for payment to our employees, suppliers, subcontractors and working capital needs. Upon the Listing, our source of funds will be a combination of internal generated funds and net proceeds from the Share Offer.

As at 30 September 2017, being the latest practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately S\$5.7 million and we had available unutilised banking facilities of approximately S\$6.3 million.

Net current assets

The following table sets forth the breakdown of our Group's current assets and liabilities as at the end of the financial years/ period indicated:

	As at 31 December			As at 31 May 2017	As at 30 September 2017
	2014	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					<i>(Unaudited)</i>
Current Assets					
Trade receivables	4,765	8,049	8,726	5,933	6,487
Other receivables, deposits and prepayments	189	369	466	497	657
Amounts due from customers for contract work	4,315	1,999	1,911	3,342	3,966
Pledged fixed deposits	207	208	208	209	209
Bank balances and cash	<u>8,715</u>	<u>18,081</u>	<u>8,761</u>	<u>7,293</u>	<u>5,684</u>
	<u>18,191</u>	<u>28,706</u>	<u>20,072</u>	<u>17,274</u>	<u>17,003</u>
Current Liabilities					
Trade payables and trade accruals	1,668	2,917	3,298	3,269	3,751
Other payables and accrued expenses	2,000	2,712	2,122	1,885	1,468
Amounts due to shareholders	6,003	7,002	–	–	3,000
Amounts due to customers for contract work	1,670	6,187	2,779	379	714
Obligations under finance leases	–	–	97	99	109
Income tax payable	1,645	1,896	2,443	2,387	914
Bank borrowing	<u>–</u>	<u>–</u>	<u>–</u>	<u>389</u>	<u>388</u>
	<u>12,986</u>	<u>20,714</u>	<u>10,739</u>	<u>8,408</u>	<u>10,344</u>
Net current assets	<u><u>5,205</u></u>	<u><u>7,992</u></u>	<u><u>9,333</u></u>	<u><u>8,866</u></u>	<u><u>6,659</u></u>

FINANCIAL INFORMATION

The increase of net current assets from approximately S\$5.2 million as at 31 December 2014 to approximately S\$8.0 million as at 31 December 2015, was primarily due to the increase in our trade receivables from approximately S\$4.8 million as at 31 December 2014 to approximately S\$8.0 million as at 31 December 2015 in line with our revenue growth.

The increase of net current assets from approximately S\$8.0 million as at 31 December 2015 to approximately S\$9.3 million as at 31 December 2016, was primarily due to (i) the increase in our trade receivables from approximately S\$8.0 million as at 31 December 2015 to approximately S\$8.7 million as at 31 December 2016; (ii) decrease in amounts due to shareholders from approximately S\$7.0 million as at 31 December 2015 to nil as at 31 December 2016 following the dividend payments to our shareholders; (iii) decrease in amounts due to customers for contract work from approximately S\$6.2 million as at 31 December 2015 to approximately S\$2.8 million as at 31 December 2016; offset by (iv) decrease in bank balances and cash from approximately S\$18.1 million as at 31 December 2015 to approximately S\$8.8 million as at 31 December 2016 due in part to the payment of dividends.

As at 31 May 2017, our net current assets remained stable at approximately S\$8.9 million. During the five months ended 31 May 2017, we took up bank borrowing of approximately S\$2.0 million to finance part of the purchase for our second self-owned property.

As at 30 September 2017, being the latest practicable date for ascertaining our liquidity position, our net current assets decreased to approximately S\$6.7 million, which was mainly due to the combined effects of (i) increase in amounts due to shareholders of approximately S\$3.0 million; and (ii) decrease in income tax payable due to tax payments of approximately S\$1.6 million during the period from 1 June 2017 to 30 September 2017. The amounts due to shareholders were mainly related to dividends declared. For more details, please refer to the paragraph headed “Indebtedness” in this section.

For reasons for the fluctuations of the balance sheet items mentioned above, please refer to the paragraph headed “Assets and liabilities” in this section.

FINANCIAL INFORMATION

Cash flows

The following table sets forth a condensed summary of our combined statements of cash flows for the financial years/ periods indicated:

	Year ended 31 December			Five months ended	
	2014	2015	2016	31 May 2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				<i>(Unaudited)</i>	
Net cash from operating activities	5,685	15,764	8,008	4,805	2,037
Net cash used in investing activities	(464)	(397)	(307)	(5,232)	(3,424)
Net cash used in financing activities	<u>(4,994)</u>	<u>(6,001)</u>	<u>(17,021)</u>	<u>(3)</u>	<u>(81)</u>
Net increase/(decrease) in cash and cash equivalents	227	9,366	(9,320)	(430)	(1,468)
Cash and cash equivalents at beginning of the year/ period	<u>8,488</u>	<u>8,715</u>	<u>18,081</u>	<u>18,081</u>	<u>8,761</u>
Cash and cash equivalent at end of year/ period	<u><u>8,715</u></u>	<u><u>18,081</u></u>	<u><u>8,761</u></u>	<u><u>17,651</u></u>	<u><u>7,293</u></u>

FINANCIAL INFORMATION

Operating activities

The following table sets forth a reconciliation of our profit before taxation to net cash generated from operations:

	Year ended 31 December			Five months ended 31 May	
	2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000	2017 S\$'000
				<i>(Unaudited)</i>	
Operating activities					
Profit before taxation	5,753	11,769	13,820	4,602	3,860
Adjustments for:					
Depreciation of property, plant and equipment	310	366	334	140	177
Gain on disposal of property, plant and equipment	–	(43)	(57)	–	–
Interest income	(6)	(26)	(73)	(32)	(40)
Interest expense	–	–	3	–	8
Dividend income	(2)	(2)	(2)	(2)	(2)
Revaluation deficit of a property	–	–	–	–	183
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>183</u>
Operating cash flows before working capital changes	6,055	12,064	14,025	4,708	4,186
Movements in working capital:					
(Increase) decrease in trade receivables	(3,230)	(3,284)	(677)	121	2,793
Increase in other receivables, deposits and prepayments	(52)	(180)	(97)	(146)	(31)
Decrease (increase) in amounts due from customers for contract work	1,327	2,316	88	(326)	(1,431)
(Decrease) increase in trade payables and trade accruals	(96)	1,249	381	1,549	(29)
Increase (decrease) in other payables and accrued expenses	711	712	(590)	(1,650)	(237)
Increase (decrease) in amounts due to customers for contract work	1,390	4,517	(3,408)	1,156	(2,400)
	<u>1,390</u>	<u>4,517</u>	<u>(3,408)</u>	<u>1,156</u>	<u>(2,400)</u>
Cash generated from operations	6,105	17,394	9,722	5,412	2,851
Income tax paid	(420)	(1,630)	(1,714)	(607)	(814)
	<u>(420)</u>	<u>(1,630)</u>	<u>(1,714)</u>	<u>(607)</u>	<u>(814)</u>
Net cash from operating activities	<u><u>5,685</u></u>	<u><u>15,764</u></u>	<u><u>8,008</u></u>	<u><u>4,805</u></u>	<u><u>2,037</u></u>

FINANCIAL INFORMATION

For the three years ended 31 December 2016, we recorded profit before taxation of approximately S\$5.8 million, S\$11.8 million and S\$13.8 million and net cash from operating activities of approximately S\$5.7 million, S\$15.8 million and S\$8.0 million respectively. For the five months ended 31 May 2016 and 2017, we recorded profit before taxation of approximately S\$4.6 million and S\$3.9 million and net cash from operating activities of approximately S\$4.8 million and S\$2.0 million respectively. The difference was mainly due to movements in working capital due to the amount and timing of receipts from our customers and payables to our suppliers and subcontractors.

Investing activities

The following table sets forth the proceeds from investing activities and the use of cash for investing activities such as purchase of property, plant and equipment.

	Year ended 31 December			Five months ended	
	2014	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
					<i>(Unaudited)</i>
Purchase of property, plant and equipment	(371)	(434)	(461)	(239)	(3,446)
Proceeds from disposal of property, plant and equipment	–	43	79	–	–
Purchase of intangible assets	(102)	(33)	–	–	(19)
Dividend received	2	2	2	2	2
Interest received	7	26	73	5	40
Placement of pledged deposits	–	(5,001)	(15,000)	(5,000)	(1)
Withdrawal of pledged deposits	–	5,000	15,000	–	–
	<u>–</u>	<u>5,000</u>	<u>15,000</u>	<u>–</u>	<u>–</u>
Net cash used in investing activities	<u>(464)</u>	<u>(397)</u>	<u>(307)</u>	<u>(5,232)</u>	<u>(3,424)</u>

For the year ended 31 December 2014, the cash used in investing activities were mainly in relation to the purchases of motor vehicles and the purchase of our intangible asset in relation to a country club membership.

For the year ended 31 December 2015, the cash used in investing activities were mainly in relation to the purchases of motor vehicles and the purchase of another club membership. There were also disposal of motor vehicles and interest received from our pledged fixed deposits that generated proceeds for the year ended 31 December 2015.

For the year ended 31 December 2016, the cash used in investing activities were mainly in relation to the purchases of motor vehicles. There were also disposal of motor vehicles that generated proceeds for the year ended 31 December 2016.

FINANCIAL INFORMATION

For the five months ended 31 May 2017, the cash used in investing activities significantly increased due to the purchase of our second owned property on 30 March 2017, at 202 Tagore Lane, Singapore 787591. This property was purchased for our own use, at a consideration of approximately S\$4.9 million. Please refer to the paragraph headed “Property interests” under the section headed “Business” in this prospectus and the property valuation report set out in Appendix III to this prospectus for further details on the property.

Financing activities

The following table sets forth the proceeds from financing activities and the use of cash for financing activities such as mainly the payment of dividends.

	Year ended 31 December			Five months ended	
	2014	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				<i>(Unaudited)</i>	
Repayments of obligations under finance leases	–	–	(16)	–	(40)
Repayments of bank borrowing	–	–	–	–	(33)
Interest paid	–	–	(3)	–	(8)
Advance from shareholders	6	–	1	–	–
Repayment to shareholders	–	(1)	(3)	(3)	–
Dividend paid	(5,000)	(6,000)	(17,000)	–	–
Net cash used in financing activities	<u>(4,994)</u>	<u>(6,001)</u>	<u>(17,021)</u>	<u>(3)</u>	<u>(81)</u>

For the three years ended 31 December 2016, the cash used in financing activities was mainly for the payment of dividends of S\$5.0 million, S\$6.0 million and S\$17.0 million respectively.

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources presently available to our Group, cash generated from our operation, facilities presently available to our Group and the estimated net proceeds to be received by us from the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus. Our Directors further confirm that they are not aware of any other factors that would have a material impact on our Group’s liquidity.

FINANCIAL INFORMATION

INDEBTEDNESS

Bank borrowing

As at 31 May 2017, our Group obtained banking facilities totaling approximately S\$8.3 million granted by two banks in Singapore and we had available unutilised banking facilities of approximately S\$6.3 million.

As at 30 September 2017, being the latest practicable date for the purpose of this indebtedness statement, the outstanding amount of our Group's bank borrowing amounted to approximately S\$1.8 million. Certain details of the banking facilities are set out below.

Facilities Type	Principal amount S\$'000	Amount outstanding as at 30 September 2017		Amount unutilised as at 30 September 2017 ⁽²⁾	Restriction	Interest rates per annum %	Maturity date	Security
		Current S\$'000	Non- current S\$'000					
Bank borrowing	2,000	388	1,448	–	Yes ⁽³⁾	0.5% to 1.0% plus 3 month Singapore Interbank Offered Rate ("SIBOR")	March 2022	Secured by charge over our freehold property and joint and several personal guarantees provided by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo
Money market loan	3,000	–	–	3,000	No	1.5% to	N/A ⁽¹⁾	Secured by mortgage over freehold property, fixed deposits and joint and several personal guarantees provided by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo
Bank overdraft	1,000	–	–	1,000	No	2.0% over		
Letters of guarantee	1,700	–	–	1,700	Yes ⁽⁴⁾	swap offer		
Credit card	80	–	–	80	No	rate and/or prime lending rate		
Trade financial facilities	500	–	–	500	No	2.0% over cost of funds	N/A ⁽¹⁾	Secured by charge over our freehold property and joint and several personal guarantees provided by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo

Notes:

- (1) N/A denotes not applicable as there were no maturity dates for these banking facilities.
- (2) As at the Latest Practicable Date, we had available unutilised banking facilities of approximately S\$6.3 million.
- (3) Such bank borrowing is for financing the purchase of property #2.
- (4) Such letter of guarantee is for issuing performance guarantee in favour of party and/or parties and on terms and conditions acceptable to the bank.

Our Directors confirm that the joint and several personal guarantees provided by Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo as referred to above would be released by the financial institution and replaced by corporate guarantee of our Group upon Listing.

FINANCIAL INFORMATION

Obligations and other borrowings

The table below sets out our obligations and other borrowings as at the dates indicated:

	As at 31 December			As at 31 May	As at 30 September
	2014	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					<i>(Unaudited)</i>
Non-current					
Bank borrowing	–	–	–	1,578	1,448
Obligations under finance leases	–	–	191	149	115
Current					
Bank borrowing	–	–	–	389	388
Obligations under finance leases	–	–	97	99	109
Amounts due to shareholders	<u>6,003</u>	<u>7,002</u>	<u>–</u>	<u>–</u>	<u>3,000</u>
Total	<u><u>6,003</u></u>	<u><u>7,002</u></u>	<u><u>288</u></u>	<u><u>2,215</u></u>	<u><u>5,060</u></u>

Obligations under finance leases

The following table sets forth our details under our obligations under finance leases as at the dates indicated:

	As at 31 December			As at 31 May	As at 30 September
	2014	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					<i>(Unaudited)</i>
Minimum lease payments	<u>–</u>	<u>–</u>	<u>310</u>	<u>264</u>	<u>237</u>
Present value of obligations under finance leases	<u>–</u>	<u>–</u>	<u>288</u>	<u>248</u>	<u>224</u>

The above obligations under finance leases were for certain motor vehicles. These obligations are secured by the charge over the leased assets, which were motor vehicles with carrying values of approximately nil, nil, S\$0.5 million, S\$0.5 million and S\$0.4 million as at 31 December 2014, 31 December 2015, 31 December 2016, 31 May 2017 and 30 September 2017 respectively. Interest rates underlying all obligations under finance leases were fixed at respective contract dates and was 2.68%, 2.68% and 2.68% as at 31 December 2016, 31 May 2017 and 30 September 2017 respectively.

FINANCIAL INFORMATION

Amounts due to shareholders

As at 31 December 2014 and 2015, our Group recorded amounts due to shareholders of approximately S\$6.0 million and S\$7.0 million respectively. Such amounts were unsecured, interest-free and repayable on demand and had been fully settled as of 31 December 2016. Such amounts were mainly related to dividends declared but were paid subsequent to year-end. As at 30 September 2017, our Group recorded amounts due to shareholders of approximately S\$3.0 million. Such amounts were unsecured, interest-free, repayable on demand and unguaranteed. Such amounts were related to dividends declared. Our Directors confirm that our Group does not expect to obtain loans from our Controlling Shareholders.

Contingent liabilities

As at 30 September 2017, being the latest practicable date for the purpose of this statement of indebtedness, our Group did not have any material contingent liabilities.

Save as disclosed in this paragraph headed “Indebtedness” in this section and apart from intra-group liabilities and normal trade bills, our Directors confirm that our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 30 September 2017, being the latest practicable date for the purpose of this statement of indebtedness. Our Directors further confirm that during the Track Record Period, our Group did not experience any default, delay, withdrawal or request for repayment on demand of borrowings nor did we breach any major finance covenants and that there has not been any material change in our indebtedness and contingent liabilities since 30 September 2017 and up to the date of this prospectus. To the best knowledge and belief of our Directors, our Group will not have difficulties in obtaining new banking facilities or renewing banking facilities after Listing. As at the Latest Practicable Date, we did not have any plan for material external debt financing.

CONTRACTUAL COMMITMENTS

Capital commitments

As at the Latest Practicable Date, there were no material capital commitments.

Operating lease commitments

During the Track Record Period, we had leased dormitories from Independent Third Parties. Please refer to the paragraph headed “Property interests” under the section headed “Business” in this prospectus. The following table sets forth the future minimum rental payable under our non-cancellable leases as at the dates indicated:

	As at ended 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	2017
				<i>S\$'000</i>
Within 1 year	<u>–</u>	<u>191</u>	<u>153</u>	<u>407</u>

FINANCIAL INFORMATION

These leases are non-cancellable with tenures ranging from zero to one year with no renewal option or contingent rent provision.

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures 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\$0.3 million, S\$0.4 million, S\$0.5 million and S\$3.4 million for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. During the five months ended 31 May 2017, we acquired our second self-owned property at 202 Tagore Lane, Singapore 787591. The abovementioned capital expenditures of approximately S\$3.4 million was mainly in relation to that property, which was acquired at a consideration of approximately S\$4.9 million (partially funded by a bank borrowing of approximately S\$2.0 million).

ASSETS AND LIABILITIES

The table below sets out selected information for our assets and liabilities as at 31 December 2014, 2015 and 2016 and 31 May 2017:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Current Assets				
Trade receivables	4,765	8,049	8,726	5,933
Other receivables, deposits and prepayments	189	369	466	497
Amounts due from customers for contract work	4,315	1,999	1,911	3,342
Pledged fixed deposit	207	208	208	209
Bank balances and cash	<u>8,715</u>	<u>18,081</u>	<u>8,761</u>	<u>7,293</u>
	<u>18,191</u>	<u>28,706</u>	<u>20,072</u>	<u>17,274</u>
Non-current assets				
Property, plant and equipment	13,030	12,679	12,169	17,315
Intangible assets	123	140	135	156
Available-for-sale investment	<u>151</u>	<u>129</u>	<u>125</u>	<u>133</u>
	<u>13,304</u>	<u>12,948</u>	<u>12,429</u>	<u>17,604</u>

FINANCIAL INFORMATION

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017 S\$'000
Current liabilities				
Trade payables and trade accruals	1,668	2,917	3,298	3,269
Other payables and accrued expenses	2,000	2,712	2,122	1,885
Amounts due to shareholders	6,003	7,002	–	–
Amounts due to customers for contract work	1,670	6,187	2,779	379
Obligations under finance leases	–	–	97	99
Income tax payable	1,645	1,896	2,443	2,387
Bank borrowing	<u>–</u>	<u>–</u>	<u>–</u>	<u>389</u>
	<u>12,986</u>	<u>20,714</u>	<u>10,739</u>	<u>8,408</u>
Non-current liabilities				
Obligations under finance leases	–	–	191	149
Bank borrowing	–	–	–	1,578
Deferred tax liabilities	<u>17</u>	<u>39</u>	<u>50</u>	<u>47</u>
	<u>17</u>	<u>39</u>	<u>241</u>	<u>1,774</u>
Net assets	<u><u>18,492</u></u>	<u><u>20,901</u></u>	<u><u>21,521</u></u>	<u><u>24,696</u></u>

Property, plant and equipment

Our property, plant and equipment as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$13.0 million, S\$12.7 million, S\$12.2 million and S\$17.3 million respectively. These property, plant and equipment mainly related to freehold land, building and motor vehicles. The increase in the property, plant and equipment as at 31 May 2017 was mainly due to a new property which we acquired on 30 March 2017. For more details, please refer to the paragraph headed “Property interests” under the section headed “Business” in this prospectus.

Available-for-sale investment

Our available-for-sale investment as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$0.2 million, S\$0.1 million, S\$0.1 million and S\$0.1 million respectively. These available-for-sale investment related to investment in equity securities of a company listed in Singapore which we received in lieu of cash in January 2003 from a customer that went into

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judicial management. Other than as disclosed above, there was no other incident where we accepted shares in lieu of cash payment. Going forward, we do not intend to make any available-for-sale investments.

Pledged fixed deposit

Our pledged fixed deposit as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$0.2 million, S\$0.2 million, S\$0.2 million and S\$0.2 million respectively. These pledged deposit represented fixed deposit with an original maturity of 12 months for the purpose of securing the line of credit of S\$3.2 million as at 31 December 2014, 2015 and 2016 and approximately S\$5.8 million as at 31 May 2017. The balances carry interest at a rate of 0.25% per annum as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively. Please refer to note 16 of the Accountants' Report in Appendix I to the prospectus for further details of the pledged deposits.

As disclosed in the paragraph headed "Key contract terms with customers" under the section headed "Business" in this prospectus, we are usually required by our customers to arrange for the issuance of performance guarantees by financial institutions or insurance companies in favour of our customers. Out of the abovementioned approximately S\$5.8 million line of credit, S\$1.7 million was for the issue of performance guarantees, secured by our pledged deposits.

Trade receivables and retention receivables

Our trade receivables and retention receivables as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$4.8 million, S\$8.0 million, S\$8.7 million and S\$5.9 million respectively, of which a breakdown is set out below:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables	1,975	3,393	4,746	1,763
Retention receivables	<u>2,790</u>	<u>4,656</u>	<u>3,980</u>	<u>4,170</u>
Total	<u><u>4,765</u></u>	<u><u>8,049</u></u>	<u><u>8,726</u></u>	<u><u>5,933</u></u>

Trade receivables

Trade receivables increased from approximately S\$2.0 million as at 31 December 2014 to approximately S\$3.4 million as at 31 December 2015. Such increases were mainly due to increase in amount of value of works done, for which our progress claims were approved by our customers and invoices issued. We generally extend a credit term of up to 35 days to our customers.

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Despite the decrease in revenue for the year ended 31 December 2016, trade receivables increased from approximately S\$3.4 million as at 31 December 2015 to approximately S\$4.7 million as at 31 December 2016. Such increases were mainly due to increases in invoices issued at or around November and December 2016, as more works were approved for invoicing around the end of 2016 as compared to 2015 (despite the overall decrease in year-on-year revenue).

Trade receivables decreased from approximately S\$4.7 million as at 31 December 2016 to approximately S\$1.8 million as at 31 May 2017. Such decreases were mainly due to the timing of invoicing whereby fewer invoices were issued at or around May 2017 as there were fewer progress claims approved around end April 2017 for us to prepare invoices.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	Year ended 31 December			Five months ended 31 May
	2014	2015	2016	2017
Trade receivables turnover days ⁽¹⁾	<u>38</u>	<u>22</u>	<u>37</u>	<u>33</u>

Note:

- (1) Trade receivable turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue during the year/ period, then multiplied by the number of calendar days of the year/ period.

The credit terms extended to customers were typically up to 35 days. Our trade receivables turnover days for the year ended 31 December 2014 and 31 December 2016 and five months ended 31 May 2017 were broadly in line with our credit terms. For the year ended 31 December 2015, the trade receivable turnover days were 22 days mainly due to lower amount of invoices outstanding as at the year end of 2015 in relation to the higher revenue recognised for the year ended 31 December 2015.

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Ageing analysis and subsequent settlement

The ageing analysis of our trade receivables based on invoice date is as follows:

	As at 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	2017
				<i>S\$'000</i>
0 to 30 days	1,462	2,355	3,344	1,731
31 to 60 days	248	1,005	774	–
61 to 90 days	–	–	203	6
More than 90 days	<u>265</u>	<u>33</u>	<u>425</u>	<u>26</u>
	<u>1,975</u>	<u>3,393</u>	<u>4,746</u>	<u>1,763</u>

The ageing of trade receivables as at each reporting date is as follows:

	As at 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	2017
				<i>S\$'000</i>
Neither past due nor impaired	329	1,308	3,331	1,628
1 to 30 days	1,346	2,052	787	103
31 to 60 days	35	–	204	–
61 to 90 days	–	–	385	6
More than 90 days	<u>265</u>	<u>33</u>	<u>39</u>	<u>26</u>
	<u>1,975</u>	<u>3,393</u>	<u>4,746</u>	<u>1,763</u>

As shown in the table above, approximately 86.6%, 99.0%, 99.2% and 98.5% of our trade receivables as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively was (i) neither past due nor impaired; and (ii) past due for 90 days or less.

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Up to 30 June 2017, approximately 98.1% (or approximately S\$1.7 million) of our trade receivables as at 31 May 2017 had been settled.

We review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for the irrecoverable amounts. As at 31 May 2017, trade receivables which were past due but not impaired related to a number of Independent Third Party customers that were assessed as recoverable based on the repayment history of the respective customers. 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 of the balances.

Retention receivables

Our contracts with our customers require retention sums, typically up to a maximum of 5% of the contract sum. Please refer to the paragraph headed “Key contract terms with customers” under the section headed “Business” in this prospectus for details of the retention sums. Retention receivables amounted to approximately S\$2.8 million, S\$4.7 million, S\$4.0 million and S\$4.2 million as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively. The fluctuation of retention receivables were due to the timing of retention monies by our customers and the release thereof.

Other receivables, deposits and prepayments

The following table sets out the amounts of other receivables, deposits and prepayments are set out below.

	As at 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Deposits	21	136	107	96
Prepayments	141	199	297	151
Deferred listing expenses	—	—	—	242
Advances to staff	27	34	33	8
Other receivables	—	—	29	—
	<u>189</u>	<u>369</u>	<u>466</u>	<u>497</u>

Deposits were related to rental deposits made in relation to the rental of dormitories for our foreign workers and deposits required to be made when we tendered for certain projects and such deposits for project tenders would be refunded after the tender closure, regardless of whether we were awarded the relevant contract. Prepayments referred to prepaid expenses mainly in relation to

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our insurance premiums. Advances to staff related to advances made mainly to our foreign workers for their airfares. Other receivables related to amounts from our insurance companies for the medical expenses claimable under our insurance.

Amounts due from/to customers for contract work

When contract costs incurred plus recognised profits less recognised losses exceed approved progress claims (described as progress billings in note 19 of the Accountants' Report set out in Appendix I to this prospectus), the surplus is shown as amounts due from customers for contract work. For contracts where approved progress claims exceed contract costs incurred plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work.

The following table sets out the amounts due from/to customers for contract work:

	As at 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Contract cost incurred plus recognised profits less recognised losses	57,699	76,818	98,395	87,528
Less: Progress billings	<u>(55,054)</u>	<u>(81,006)</u>	<u>(99,263)</u>	<u>(84,565)</u>
	<u>2,645</u>	<u>(4,188)</u>	<u>(868)</u>	<u>2,963</u>
Analysed for reporting purposes as:				
Amounts due from customers for contract work	4,315	1,999	1,911	3,342
Amounts due to customers for contract work	<u>(1,670)</u>	<u>(6,187)</u>	<u>(2,779)</u>	<u>(379)</u>
	<u>2,645</u>	<u>(4,188)</u>	<u>(868)</u>	<u>2,963</u>

The amounts due from/to customers for contract work are normally affected by (i) the amount of works performed 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 approval by our customers for our progress claims, which can vary significantly from period to period. Please refer to the paragraph headed "Project implementation phase" under the section headed "Business" in this prospectus.

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The amounts due from customers for contract work decreased from approximately S\$4.3 million as at 31 December 2014 to approximately S\$2.0 million as at 31 December 2015 and 2016, mainly due to greater amount of works performed closer to 31 December 2014 for which progress claims had not yet been approved by our customers. The amounts due from customers for contract work increased from approximately S\$2.0 million as at 31 December 2016 to approximately S\$3.3 million as at 31 May 2017, mainly due to approximately S\$1.8 million of revenue recognised for works performed for an ongoing project (Project #23) for which the works were not due for certification by our customer. Although we typically submit monthly progress claims for our projects, there will be timing differences period by period with regard to amounts being recognised as trade receivables or amounts due from customers for contract work as our customers (upon receiving our progress claim) would normally take three to four weeks to process the progress claims. In particular, the progress claims of one of our projects with off-site PPVC modular construction (Project #23) would only be certified by our customer when the PPVC modules are delivered on-site in Singapore. For more details, please refer to sub-paragraph headed “Off-site PPVC M&E installation” in the paragraph headed “Code of Practice on Buildability” under the section headed “Business” in this prospectus. When we recognise our revenue with reference to the proportion of contract cost incurred for work performed to date relative to the estimated total contract costs, the unbilled revenue is classified in the amounts due from customers for contract work.

The following table sets out the trade receivables and amounts due from customers for contract work during the Track Record Period:

	As at 31 December		As at 31 May	
	2014	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables	1,975	3,393	4,746	1,763
Amounts due from customers for contract work	<u>4,315</u>	<u>1,999</u>	<u>1,911</u>	<u>3,342</u>
Total	<u>6,290</u>	<u>5,392</u>	<u>6,657</u>	<u>5,105</u>

The amounts due from customers for contract work are of similar nature as trade receivables as both balances relate to our Group’s provision of services to our customers. Upon certification by our customers and the issuance of our billings, such amount would be reclassified from amounts due from customers for contract work to trade receivables.

The abovementioned timing difference between the balances of trade receivables and amounts due from customers for contract work as well as our Group’s revenue mainly resulted from (i) the amount of works performed cumulatively; (ii) the certification of work by our customers and our issuance of billings; and (iii) the timing of settlement.

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The following table sets forth the breakdown of the amounts due from customers for contract work as at 31 May 2017:

	Amounts due from customers for contract work as at 31 May 2017 S\$'000	Amount subsequently billed as at 30 September 2017 S\$'000	Amount settled, out of the subsequent's billed amount S\$'000
<i>Private sector projects</i>			
Project #4	187	—	—
Project #11	109	109	109
Project #15	164	—	—
Project #21	444	444	444
Project #25	411	200	200
Others	198	—	—
 <i>Public sector project</i>			
Project #23	1,829	706	527
 Total	 3,342	 1,459	 1,280

Note:

Others include four projects, of which two were mixed residential and commercial project, one was educational institutional project and one was private residential project.

For the balances of amounts due from customers for contract work (in relation to private sector projects) for which we had submitted our progress claims and no subsequent billing had been issued as at 30 September 2017, they were mainly in relation to finalisation of accounts which would typically take a longer period for our customers to review. This was due to the time taken to review all the cumulative works performed, and the corresponding claims, before finalising the remaining amount to be invoiced.

Project #23 is a public institutional project with off-site PPVC modular construction where works had been performed at an off-site location in the PRC. We recognised our revenue with reference to the proportion of contract cost incurred for work performed to the estimated total contract costs, and submitted the progress claims to our customer on a monthly basis. The progress claims of such project would only be certified by our customer when the PPVC modules are delivered on-site in Singapore, as a result, there would be a longer interval between the submission and the certification of our progress claims. As the delivery of the PPVC modules takes time and is anticipated to complete at the end of 2017, such effects may continue till early 2018.

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Our Executive Directors decided to accept the payment terms with the view that (i) the anticipated profit margin of the project is high; (ii) the participation in the relatively new PPVC technology project will allow the Group to continue to capture a first-mover advantage in the industry; and (iii) the impact to our Group's liquidity is acceptable and not significant based on our financial position. Please refer to the sub-paragraph headed "Liquidity risk management" in the paragraph headed "Risk management and internal control systems" under the section headed "Business" in this prospectus for further details of our liquidity management.

The amounts due to customers for contract work fluctuated as at the end of the various financial periods due to the greater amount of our progress claims approved by our customers as at 31 December 2015, for which we had not recorded the amount of works performed as the recording was by reference to construction costs incurred, i.e. as revenue (as opposed to progress claims which were approved based on agreed payment schedule for billings). The amounts due to customers for contract work decreased from approximately S\$2.8 million as at 31 December 2016 to approximately S\$0.4 million as at 31 May 2017, mainly due to minimal difference between our recording of amount of works performed and the approved progress claims.

Trade payables and trade accruals

Our trade payables and trade accruals as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$1.7 million, S\$2.9 million, S\$3.3 million and S\$3.3 million respectively, of which a breakdown is set out below:

	As at 31 December			As at
	2014	2015	2016	31 May
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables	1,668	2,610	2,905	2,315
Trade accruals	<u>—</u>	<u>307</u>	<u>393</u>	<u>954</u>
	<u><u>1,668</u></u>	<u><u>2,917</u></u>	<u><u>3,298</u></u>	<u><u>3,269</u></u>

Our trade payables mainly comprised payables to our suppliers and subcontractors in relation to materials and subcontracted works procured for our projects. Trade payables increased from approximately S\$1.7 million as at 31 December 2014 to approximately S\$2.6 million as at 31 December 2015. Such increase was consistent with the increase in our revenue and amount of works performed. Trade payables further increased to approximately S\$2.9 million as at 31 December 2016, due to the higher amounts of material purchases close to the end of 2016 in preparation for the works to be performed at end 2016 and early 2017. Trade payables decreased from approximately S\$2.9 million as at 31 December 2016 to approximately S\$2.3 million as at 31 May 2017 due to lower amount of material purchases at or around April and May 2017.

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The ageing analysis of trade payables based on the invoice date at the end of each financial year is as follows:

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 90 days	1,582	2,526	2,645	2,122
91 to 120 days	<u>86</u>	<u>84</u>	<u>260</u>	<u>193</u>
	<u><u>1,668</u></u>	<u><u>2,610</u></u>	<u><u>2,905</u></u>	<u><u>2,315</u></u>

Up to 30 June 2017, approximately S\$0.8 million or 32.5% of our trade payables as at 31 May 2017 had been settled.

Credit terms from our suppliers and subcontractors are typically 60 to 90 days and 30 to 60 days respectively. The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May
	2014	2015	2016	2017
	Trade payables turnover days ⁽¹⁾	<u><u>82</u></u>	<u><u>37</u></u>	<u><u>71</u></u>

Note:

- (1) Trade payable turnover days is calculated based on the average of the beginning and ending balance of trade payables (excluding trade accruals) divided by the aggregate of material costs and subcontracting costs during the year/ period, then multiplied by the number of calendar days of the year/ period.

Our trade payables turnover days were within our credit terms during the Track Record Period. Our trade payables turnover days were shorter for the year ended 31 December 2015 due to increased amounts due to our subcontractors which had a shorter credit term of 30 to 60 days.

Our trade accruals mainly comprised material and subcontracted works which had been recognised as our costs of services but for which we had not yet received invoices from our suppliers and subcontractors as at the end of the respective year/ period. Trade accruals amounted to approximately nil, S\$0.3 million, S\$0.4 million and S\$1.0 million as at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively.

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Other payables and accrued expenses

Our other payables and accrued expenses as at 31 December 2014, 2015 and 2016 and 31 May 2017 were approximately S\$2.0 million, S\$2.7 million, S\$2.1 million and S\$1.9 million respectively, of which a breakdown is set out below:

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Accrued operating expenses	1,682	1,956	1,660	1,141
Accrued listing expenses	–	–	–	328
Other payables	318	756	462	416
	<u>2,000</u>	<u>2,712</u>	<u>2,122</u>	<u>1,885</u>

Accrued operating expenses comprised mainly accrued staff costs, which increased for the year ended 31 December 2015 due to higher accrued salary payment. Other payables increased as at 31 December 2015 due to higher amount of GST payables.

KEY FINANCIAL RATIOS

	Year ended 31 December or			Five months
	as at 31 December			ended
	2014	2015	2016	31 May or as
				at 31 May
				2017
Gross profit margin ⁽¹⁾ (%)	41.8	35.1	44.2	43.6
Profit before taxation margin ⁽²⁾ (%)	25.9	25.9	34.6	25.7
Profit margin ⁽³⁾ (%)	21.5	21.7	28.9	20.7
Current ratio ⁽⁴⁾ (times)	1.4	1.4	1.9	2.1
Quick ratio ⁽⁵⁾ (times)	1.4	1.4	1.9	2.1
Gearing ratio ⁽⁶⁾ (%)	–	–	1.3	9.0
Interest coverage ratio ⁽⁷⁾ (times)	N/A	N/A	4,607.7	483.5
Net debt to equity ratio ⁽⁸⁾ (times)	N/A	N/A	N/A	N/A
Return on total assets ⁽⁹⁾ (%)	15.1	23.7	35.5	N/A ⁽¹¹⁾
Return on equity ⁽¹⁰⁾ (%)	25.8	47.2	53.7	N/A ⁽¹¹⁾

Notes:

(1) Gross profit margin is calculated as gross profit divided by revenue.

(2) Profit before taxation margin is calculated as profit before taxation divided by revenue.

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- (3) Profit margin is calculated as profit for the year/ period divided by revenue.
- (4) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
- (5) Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.
- (6) Gearing ratio is calculated as obligations under finance leases and bank borrowing divided by total equity as at the respective reporting dates.
- (7) Interest coverage ratio is calculated as profit before finance costs and income tax divided by finance costs for the respective years/ period. There were no finance costs recorded for the two years ended 31 December 2015.
- (8) Net debt to equity ratio is calculated as net debts (i.e. total borrowings, including payables incurred not in the ordinary course of business, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.
- (9) Return on total assets is calculated as profit for the year/ period divided by the total assets as at the respective reporting dates.
- (10) Return on equity is calculated as profit for the year/ period divided by the total equity as at the respective reporting dates.
- (11) N/A denotes not applicable as the recorded net profit only represented amount for the five months ended 31 May 2017.

Gross profit margin

Our gross profit margin was approximately 41.8%, 35.1%, 44.2% and 43.6% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Please refer to the paragraph headed “Period to period comparison of results of operations” in this section for the fluctuation in our gross profit margin.

Profit before taxation and profit margins

Our profit before taxation margin was approximately 25.9%, 25.9%, 34.6% and 25.7% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our effective tax rates were approximately 17.1%, 16.2%, 16.4% and 19.6% for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. As such, our profit margin had been closely correlated to our profit before taxation margin for the three years ended 31 December 2016, and were approximately 21.5%, 21.7% and 28.9% respectively. Our profit margin for the five months ended 31 May 2017 was lower at approximately 20.7% due partly to the listing expenses. Please refer to the paragraph headed “Period to period comparison of results of operations” in this section for the fluctuation in our other operating expenses and profit margin.

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Current ratio and quick ratio

Current ratio remained stable from 31 December 2014 to 31 December 2015 at approximately 1.4 times and increased to approximately 1.9 times as at 31 December 2016 and approximately 2.1 times as at 31 May 2017. The increase in the current ratio as at 31 December 2016 was mainly due to increase in our trade receivables against a decrease in amount due to shareholders, as the dividend payable of S\$7.0 million was settled. Our current ratio remained relatively stable at approximately 2.1 times as at 31 May 2017. Our quick ratio was the same as our current ratio since there was no inventory recorded during the Track Record Period.

Gearing ratio

Gearing ratio was nil, nil and approximately 1.3% as at 31 December 2014, 2015 and 2016 as we did not have bank borrowings for the three years ended 31 December 2016, but only obligations under finance leases for our motor vehicles. Gearing ratio increased to approximately 9.0% due to our bank borrowing of approximately S\$2.0 million as at 31 May 2017. Such bank borrowing related to mortgage loan of our second self-owned property which we acquired in March 2017.

Interest coverage ratio

There were no finance costs recorded for the two years ended 31 December 2015. Our interest coverage ratio decreased from approximately 4,607.7 for the year ended 31 December 2016 to approximately 483.5 for the five months ended 31 May 2017. This was due to increase in our finance costs from approximately S\$3,000 for the year ended 31 December 2016 to approximately S\$8,000 for the five months ended 31 May 2017, due to increase in bank borrowings in relation to the drawdown of our mortgage loan for the second self-owned property acquired in March 2017.

Net debt to equity ratio

We recorded net cash position as at 31 December 2014, 2015 and 2016 and 31 May 2017.

Return on total assets

Our return on total assets increased from approximately 15.1% for the year ended 31 December 2014 to approximately 23.7% for the year ended 31 December 2015, which was mainly due to the increase in our profits for the year. Return on total assets further increased to approximately 35.5% for the year ended 31 December 2016, which was mainly due to the continued improvements in our net profits against a decrease in total assets as at 31 December 2016. Total assets decreased from approximately S\$41.7 million as at 31 December 2015 to approximately S\$32.5 million as at 31 December 2016, mainly due to the decrease in our bank balances and cash as dividend payment of S\$7.0 million was made in 2016.

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Return on equity

Our return on equity increased from approximately 25.8% for the year ended 31 December 2014 to approximately 47.2% for the year ended 31 December 2015, which was mainly due the increase in our profits for the year. Return on equity further increased to approximately 53.7% for the year ended 31 December 2016, which was mainly due to the continued improvements in our net profits.

PROPERTY INTERESTS AND PROPERTY VALUATION

Cushman & Wakefield, an independent property valuer, has valued the two properties owned by our Group (for details, please refer to the paragraph headed “Property interests” under the section headed “Business” in this prospectus) as of 31 May 2017 and is of the opinion that the value of such properties as of such date was approximately S\$16.2 million. The property valuation report issued by Cushman & Wakefield is set out in Appendix III to this prospectus.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group did not enter into any transaction with related parties except for guarantees provided by our directors and compensation paid to key management.

For more details, please refer to note 26 of the Accountants’ Report set out in Appendix I to this prospectus.

ACCUMULATED PROFITS

The aggregate amount of the accumulated profits as at 31 December 2014, 2015 and 2016 and 31 May 2017 of our Group were approximately S\$8.8 million, S\$11.6 million, S\$13.2 million and S\$16.3 million respectively.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 21 June 2017. As at 31 May 2017, our Company had no reserves available for distribution to our Shareholders.

DIVIDEND

For the three years ended 31 December 2016 and the five months ended 31 May 2017, aggregate dividends have been declared of S\$6.0 million, S\$7.0 million, S\$10.0 million and nil respectively. The abovementioned dividends declared had been settled as at the Latest Practicable Date. On 11 July 2017, a final dividend of S\$3.0 million was declared and will be paid before Listing. 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 the Listing. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual

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restrictions (if any) and other factors which our Directors deem relevant. We do not have any dividend policy nor a pre-determined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

IMPACT OF LISTING EXPENSES

Listing expenses represent the fees and costs incurred for the issue of new Shares and the listing of our Shares on Main Board. As the issue of new Shares is the issue of an equity instrument, but the listing of existing and new Shares is not, the listing expenses are required to be allocated between the two transactions with reference to the proportion of the number of new Shares to be issued to the total number of Shares in issue upon Listing. Since the number of new Shares to be issued represents 25.0% of the total number of Shares in issue upon Listing, listing expenses that are directly attributable to the issue of new Shares are accounted for as a deduction from equity, whilst expenses that are not clearly separable are allocated to equity and profit or loss on a ratio of 25:75.

The estimated listing expenses are approximately S\$6.5 million. During the three years ended 31 December 2016 and the five months ended 31 May 2017, our Group recognised listing expenses of nil, nil, nil and approximately S\$0.9 million respectively, in the combined statements of profit or loss and other comprehensive income.

Our Directors are of the view that the listing expenses in relation to the Listing would have an impact on the financial results of our Group for the year ending 31 December 2017. Approximately S\$2.7 million of the listing expenses is directly attributable to the issue of new Shares and is expected to be accounted for as a deduction from equity for the year ending 31 December 2017. The remaining listing expenses of approximately S\$2.9 million are expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group for the seven months ending 31 December 2017.

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 paragraph headed “Risk management and internal control systems” under the section headed “Business” in this prospectus and note 31 of 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 issues of new shares, and/or new debts.

FINANCIAL INFORMATION

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 May 2017 and there has been no event since 31 May 2017 which would materially affect the information shown in our financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets 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 May 2017 as if the Share Offer had taken place on 31 May 2017, and does not take into account any trading results or other transactions entered into subsequent to 31 May 2017. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted combined net tangible assets figure.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>(Note 3, Note 4)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 4)</i>	
Based on Offer Price of HK\$0.75 per Share	<u>24,540</u>	<u>23,065</u>	<u>47,605</u>	S\$0.057 or <u>HK\$0.314</u>
Based on Offer Price of HK\$0.85 per Share	<u>24,540</u>	<u>26,654</u>	<u>51,194</u>	S\$0.061 or <u>HK\$0.336</u>

FINANCIAL INFORMATION

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 Share Offer are based on 210,000,000 new Shares at the Offer Price of lower limit and upper limit of HK\$0.75 and HK\$0.85 per Share, respectively, after deduction of the underwriting commissions and fees and other related expenses incurred and to be incurred by the Group subsequent to 1 June 2017.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the paragraph headed "General Mandate to Issue Shares" or the paragraph headed "General mandate to repurchase Shares" under the section headed "Share capital" in this prospectus.

- (3) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is calculated based on 840,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 May 2017. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the paragraph headed "General Mandate to Issue Shares" or the paragraph headed "General mandate to repurchase Shares" under the section headed "Share capital" 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 May 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2017 nor dividend payments subsequent to 31 May 2017.

The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share does not take into account of the dividend of S\$3,000,000 declared on 11 July 2017. Assuming that the dividend of S\$3,000,000 declared on 11 July 2017 had been taken into account, the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 would have been approximately S\$44,605,000 and S\$48,194,000 at the Offer Price of HK\$0.75 and HK\$0.85 respectively, and the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share would have been approximately S\$0.053 (equivalent to approximately HK\$0.292) and approximately S\$0.057 (equivalent to approximately HK\$0.314) at the Offer Price of HK\$0.75 and HK\$0.85 respectively, on the basis that 840,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 May 2017.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the paragraph headed “Business strategies” under the section headed “Business” in this prospectus for a detailed description of our business strategies and future plans.

USE OF PROCEEDS

The aggregate net proceeds from the Share Offer after deducting underwriting fees and estimated expenses in connection with the Share Offer, assuming an Offer Price of HK\$0.80 per Share (being the midpoint of the indicative Offer Price range of HK\$0.75 to HK\$0.85 per Share), will be approximately HK\$132.2 million. Our Directors intend to apply the net proceeds from the Share Offer as follows:

- #1 approximately HK\$22.1 million, representing approximately 16.7% of the net proceeds will be used to increase our workforce to expand our operations;
- #2 approximately HK\$8.3 million, representing approximately 6.3% of the net proceeds will be used to purchase machinery and equipment, such as lifting machinery, excavator and wide-format colour scanner and AutoCAD-compatible plotter, and lorries;

Currently, we rented part of the machinery required for our operation and recorded machinery rental costs of approximately nil, S\$48,000, S\$21,000 and S\$32,000 for the three years ended 31 December 2016 and the five months ended 31 May 2017 respectively. We expect that more machinery rental costs would be incurred as our business operations expand after the Listing. As such, instead of renting, purchasing machinery and equipment would allow us to (i) save on the machinery rental costs and improve the margin of our projects; and (ii) improve our operational efficiency. Furthermore, as disclosed in the sub-paragraph headed “(ii) Adoption of construction technologies” in the paragraph headed “M&E services” under the section headed “Business” in this prospectus, during the Track Record Period, we had been requested by our customers to use certain machinery (i.e. scissor lift and boom lift) in order to improve the Constructability Score for the project; therefore, purchasing machinery will enhance the Group’s competitiveness in the market.

During the Track Record Period, our Group acquired four lorries for transporting our workers and machinery to and from the work site. We expect that more lorries would be required to support our increase in workforce and business expansion after the Listing.

- #3 approximately HK\$55.0 million, representing approximately 41.6% of the net proceeds to acquire additional property to increase dormitory, workspace and office area for our business expansion;
- #4 approximately HK\$37.9 million, representing approximately 28.7% of the net proceeds will be used to expand our competencies in relation to the design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems;

FUTURE PLANS AND USE OF PROCEEDS

As mentioned under the paragraph headed “Business strategies” under the section headed “Business” in this prospectus, our expansion of internal competencies to provide a broader scope of works will (i) expand our project opportunities, whether in terms of allowing us to tender for more M&E projects with a broader scope of works or taking on projects that are mainly in relation to the design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems; and (ii) reduce our subcontracting costs in the long term, with the impact of improving the profitability of our projects by reducing the need to engage subcontractors, as our gross profit margins for such projects with significant subcontracting costs were lower in the range of 20% to 30% during the Track Record Period (versus our general gross profit margin in the range of 30% to 50% during the Track Record Period). During the Track Record Period, we had strategically not to tender for projects where a significant portion of works had to be subcontracted as we aim to optimise our staff strength of over 220 employees directly engaged in project implementation. Moreover, as stated in the paragraph headed “Industry consolidation” under the section headed “Industry overview” in this prospectus, industry consolidation is a development trend in the M&E industry and as such, our Directors believe that broadening our internal competencies will allow our Group to remain competitive. In relation to such plan of expanding our competencies, our Group does not need to obtain additional licences as we already have such licences in place. For details of our licences, please refer to the paragraph headed “Licensing regime for contactors in Singapore” under the section headed “Regulatory overview” in this prospectus.

The planned increase in employees (a total of 43 employees) includes eight project managers, 11 engineers and 24 foreign workers to expand our internal competencies. Our Group’s plan is to gradually recruit the aforesaid employees and we expect that there will be a time gap between hiring and deployment of these employees for execution of projects. Taking into consideration of (i) the manpower deployed by our Group’s subcontractors and their respective fees charged to our Group during the Track Record Period; and (ii) our Executive Directors’ assessment of the new business opportunities in the market (based on our Executive Directors’ knowledge of the M&E industry, the value of work scope in relation to air-conditioning and mechanical ventilation systems, and fire protection systems can range from approximately S\$0.1 million to S\$20.0 million), we believe the hiring of these additional 43 employees is the optimum level. We have not set any specific range of value for the projects we will tender for. Instead, we will tender for projects with anticipated profit margin of not less than 20.0%. A further breakdown of the aforementioned planned increase in employees for each of the year ending 31 December until 31 December 2020 is as follows:

For the year ending 31 December 2018, we will recruit four project managers, four engineers and eight foreign workers to set up a division that will enable us to take on projects which include the scope of works in relation to air-conditioning and mechanical ventilation systems, and fire protection systems (in addition to those M&E works that we already have the capability to perform). For illustration purpose, with the increase of

FUTURE PLANS AND USE OF PROCEEDS

these 16 employees, we will be able to take on projects (requiring the expertise of design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems) of which the value of such work scope can amount up to approximately S\$3.4 million.

For the year ending 31 December 2019, we will additionally recruit two project managers, three engineers and eight foreign workers. For illustration purpose, with the increase of 13 employees (together with 16 employees hired in the preceding year as mentioned above), we will be able to take on projects (requiring the expertise of design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems) of which the value of such work scope can amount up to approximately S\$6.1 million.

For the year ending 31 December 2020, we will further recruit two project managers, four engineers and eight foreign workers. For illustration purpose, with the increase of 14 employees (together with 29 employees hired in the two preceding years as mentioned above), we will be able to take on projects (requiring the expertise of design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems) of which the value of such work scope can amount up to approximately S\$9.1 million.

- #5 approximately HK\$2.7 million, representing approximately 2.0% of the net proceeds will be used to invest in software and personnel to build our competencies in BIM;
- #6 the remaining balance of approximately HK\$6.2 million, representing approximately 4.7% of the net proceeds will be used for additional working capital and other general corporate purposes for the two years ending 31 December 2018.

Our Executive Directors are of the view that the above future plans and use of proceeds are appropriate given that (i) we had achieved revenue growth from 2014 to 2016 at CAGR of approximately 34.1%; (ii) we had been awarded three projects in the months of June and July 2017 of aggregate contract sum of approximately S\$21.0 million; (iii) based on the Frost & Sullivan Report, the market size by revenue of M&E industry in Singapore is projected to experience a further growth from approximately S\$1,614.8 million in 2016 to approximately S\$1,718.1 million in 2017 and to approximately S\$2,294.8 million in 2021, at a CAGR of approximately 7.5% from 2017 to 2021; and (iv) given our competitive strengths and our leading position (being ranked as one of the top five market players amongst Singapore's M&E service providers in terms of revenue in 2016 in the Frost & Sullivan Report), we are well-positioned for growth.

For illustrative purposes only, based on these planned increase in employees and capital expenditure, our Directors believe that we will have the additional internal resources to take on at least one and two additional projects (assuming contract values from S\$4.0 million to S\$10.0 million) for the years ending 31 December 2019 and 2020 respectively when opportunities arise. Meanwhile, the abovementioned future plans and use of proceeds will entail (i) additional depreciation charges of approximately nil, S\$33,000, S\$214,000 and S\$303,000 for each of the four

FUTURE PLANS AND USE OF PROCEEDS

years ending 31 December 2020; and (ii) total additional staff costs of approximately nil, S\$2.1 million, S\$3.9 million and S\$5.4 million for each of the four years ending 31 December 2020. For business risks that the Group may face as a result of our future plans, please refer to the risk factors “We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff if our revenue fails to increase proportionately” and “Our business strategies include capital investment which would increase depreciation charges that would reduce our profitability” under the section headed “Risk factors” in this prospectus.

In relation to our intended use of proceeds as described above, we have set out in the following table the relation to the strategies disclosed in the paragraph headed “Business strategies” under the section headed “Business” in this prospectus, as well as the details of the use of proceeds and the timing of use.

Business strategies	Use of proceeds	Detailed timing/amount	Aggregate
<i>To support our business expansion</i>			
<i>#1 Increase our workforce</i>			
— Expanding our operations and project portfolio	— Staff costs for recruiting and retaining 6 project managers, 6 engineers, 6 foremen and 3 lorry drivers (aggregate of 21 employees)	For the year ending 31 December 2018/Approximately S\$0.6 million or HK\$3.3 million	Approximately S\$4.0 million or HK\$22.1 million
		For the year ending 31 December 2019/Approximately S\$1.4 million or HK\$7.8 million	
		For the year ending 31 December 2020/Approximately S\$2.0 million or HK\$11.0 million	
<i>To support our business expansion</i>			
<i>#2 Purchase of machinery and equipment, and lorries</i>			
	— Capital expenditure for 3 scissor lifts, 3 boom lifts, 3 fork lifts, 1 excavator, 3 lorries and 1 lorry with crane, 1 wide-format colour scanner and AutoCAD-compatible plotter	For the year ending 31 December 2018/Approximately S\$0.7 million or HK\$3.8 million	Approximately S\$1.5 million or HK\$8.3 million
		For the year ending 31 December 2019/Approximately S\$0.3 million or HK\$1.7 million	
		For the year ending 31 December 2020/Approximately S\$0.5 million or HK\$2.8 million	

FUTURE PLANS AND USE OF PROCEEDS

Business strategies	Use of proceeds	Detailed timing/amount	Aggregate
<i>To support our business expansion</i>	<i>#3 Purchase of additional property</i>	For the year ending 31 December 2018 (please refer to the paragraph headed “Business strategies” under the section headed “Business” in this prospectus for further details of this proposed acquisition)	Approximately S\$10.0 million or HK\$55.0 million
<i>To expand our internal competencies</i>	<i>#4 Staff costs for recruiting and retaining 8 project managers, 11 engineers and 24 workers (aggregate of 43 employees)</i>	<p>For the year ending 31 December 2018/Approximately S\$1.3 million or HK\$7.2 million</p> <p>For the year ending 31 December 2019/Approximately S\$2.3 million or HK\$12.6 million</p> <p>For the year ending 31 December 2020/Approximately S\$3.3 million or HK\$18.1 million</p>	Approximately S\$6.9 million or HK\$37.9 million
<i>To build our competencies in BIM</i>	<i>#5 Staff costs for recruiting and retaining 2 BIM certified staff, and related software</i>	<p>For the year ending 31 December 2018/Approximately S\$0.2 million or HK\$1.1 million</p> <p>For the year ending 31 December 2019/Approximately S\$0.2 million or HK\$1.1 million</p> <p>For the year ending 31 December 2020/Approximately S\$0.1 million or HK\$0.5 million</p>	Approximately S\$0.5 million or HK\$2.7 million

FUTURE PLANS AND USE OF PROCEEDS

Of the abovementioned planned increase in employees, below is a table summarising the breakdown of full time local employees and foreign employees we plan to hire for each business strategy, and the impact on our compliance with the dependency ceiling for the construction industry (which is currently set at a ratio of one full-time local worker to seven foreign workers, please refer to the paragraph headed “Employment matters — Employment of foreign workers in Singapore” under the section headed “Regulatory overview” in this prospectus for further details of dependency ceiling).

Use of proceeds		Number of employees to be hired for the year ending 31 December			
		2018	2019	2020	Total
#1 Increase our workforce	Full time local employees	4	4	4	12
	Foreign employees	<u>3</u>	<u>3</u>	<u>3</u>	<u>9</u>
	Subtotal	<u>7</u>	<u>7</u>	<u>7</u>	<u>21</u>
#4 Staff for expanding our internal competencies	Full time local employees	8	5	6	19
	Foreign employees	<u>8</u>	<u>8</u>	<u>8</u>	<u>24</u>
	Subtotal	<u>16</u>	<u>13</u>	<u>14</u>	<u>43</u>
#5 Staff for building our competencies in BIM	Full time local employees	2	—	—	2
	Foreign employees	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Subtotal	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
Aggregate	Full-time local employees	14	9	10	33
	Foreign employees	<u>11</u>	<u>11</u>	<u>11</u>	<u>33</u>
	Total	<u>25</u>	<u>20</u>	<u>21</u>	<u>66</u>
	Ratio of full-time local employees to foreign employees	<u>1:0.8</u>	<u>1:1.2</u>	<u>1:1.1</u>	<u>1:1</u>

FUTURE PLANS AND USE OF PROCEEDS

Based on the above, we have planned and will ensure that for the additional employees that we hire, the dependency ceiling of ratio of one full-time local worker to seven foreign workers will be complied with. It is to be noted that the dependency ceiling is ascertained at each point in time, and therefore the actual number of additional number of foreign employees that we can hire at any one time will be based on the then existing number of local employees. Please refer to the paragraph headed “Risk management and internal control systems — Manpower resources management” under the section headed “Business” in this prospectus for details of our internal control measures in place to ensure our compliance with the dependency ceilings.

Our intention is to house all our foreign workers within our own premises, including the additional new foreign workers. However, as mentioned in the sub-paragraph headed “Investment in additional property for dormitory, increase in storage and office area” in the paragraph headed “Business strategies” under the section headed “Business” in this prospectus, even after purchasing the additional property, we will not be able to accommodate all of our foreign workers at our self-owned dormitories. We therefore have to continue to rent dormitories to ensure all our foreign workers are provided with accommodation.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$0.85 per Share, the net proceeds we receive from the Share Offer will be approximately HK\$142.1 million. We intend to apply the additional net proceeds for the above purposes on a *pro-rata* basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$0.75 per Share, the net proceeds we receive from the Share Offer will be approximately HK\$122.3 million. We intend to reduce the net proceeds for the above purposes on a *pro-rata* basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

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PUBLIC OFFER UNDERWRITERS

Sincere Securities Limited
Aristo Securities Limited
Pacific Foundation Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of the Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

- (a) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and
- (b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers to subscribe for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute discretion may, by giving notice in writing to our Company terminate the Public Offer Underwriting Agreement with immediate effect, if any of the following events occurs prior to 8:00 a.m. (Hong Kong time) on the Listing Date if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the business or in the financial or trading position of our Group; or
 - (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market

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conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the BVI, the Cayman Islands, Singapore or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or

- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange; or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

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- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out under the section headed “Risk factors” in this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or
- (m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance with any statement or disclosure of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or
- (q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or
- (r) any material loss or damage sustained by any member of our Group; or
- (s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being instigated against any member of our Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or
- (u) the chairman of our Company vacating his office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or

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- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof; or
 - (x) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,
- which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):
- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
 - (b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, and/or the Share Offer to be performed or implemented in accordance with its terms; or (ii) to proceed with or to market the Share Offer on the terms and in the manner contemplated in this prospectus; or
- (ii) the Joint Lead Managers or any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
- (a) any of the warranties given by our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
 - (b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement or advertisement issued by or on behalf of our Company in connection with the Share Offer (including any supplement or amendment thereto) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if such document was to be issued at that time, constitute a material omission therefrom, or that any forecasts, expressions of

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opinion, intention or expectation expressed in such document are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

- (c) there has been a material breach on the part of any of our Company, Controlling Shareholders and any of the Executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom; or
- (e) any material adverse change or development involving a prospective change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group; or
- (f) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued or sold under the Share Offer 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
- (g) our Company withdraw this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer.

Undertakings to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters, and each of our Controlling Shareholders and Executive Directors has undertaken to and covenanted with the Sponsor, the Joint Lead Managers and the Public Offer Underwriters that he/it will procure our Company that:

- (a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally

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or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”);

- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;
- (c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and
- (d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company’s ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

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Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally represented, warranted, undertaken to and covenanted with the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and our Company that, except pursuant to the Share Offer and unless in compliance with the Listing Rules, he or it shall not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), directly or indirectly, and shall procure that none of his or its close associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six-month Period:

- (a) offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or
- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

- (a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial interest therein),

UNDERWRITING

immediately inform our Company, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

- (b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters in writing of such indications.

Our Company shall notify the Stock Exchange, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer or unless in compliance with the requirements of the Listing Rules, they shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, 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 or other securities of our Company in respect of which they are shown by this prospectus to be the beneficial owner(s); or (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) 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 paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Our Controlling Shareholders have further undertaken to us and, Stock Exchange and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) that they will, within a period of commencing on the date by reference to which disclosure of their shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by them in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or other securities of our Company so pledged or charged; and

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- (b) any indication received by them, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and Executive Directors will enter into the Placing Underwriting Agreement with the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, subscribe for or to procure subscribers to subscribe for, or failing which they shall subscribe for or purchase, the Placing Offer Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Prospective investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings to the Public Offer Underwriters” above in this section.

Commission, fees and expenses

The Public Offer Underwriters will receive a gross underwriting commission of 5.0% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer out of which any sub-underwriting commission, praecipium and selling concession will be paid. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Offer Shares

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reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters.

Based on the Offer Price of HK\$0.80 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately S\$6.5 million in total, and are payable by our Company.

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a sponsorship fee for the Share Offer. The Joint Lead Managers and the Underwriters will receive an underwriting commission and/or praecipium. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission, fees and expenses" above.

We have appointed Altus Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- (a) the Public Offer of 21,000,000 new Shares (subject to adjustment as mentioned below) in Hong Kong as described below under the subsection headed “The Public Offer” below; and
- (b) the Placing of an aggregate of 189,000,000 Shares (subject to adjustment as mentioned below) which will conditionally be placed with selected professional, institutional, and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to adjustment as described in the paragraph headed “The Public Offer – Reallocation” in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

Our Company is initially offering 21,000,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” of this section.

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Public Offer Shares available under the Public Offer (after taking into account any adjustment as referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: 10,500,000 Public Offer Shares for pool A and 10,500,000 Public Offer Shares for pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of HK\$5.0 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of more than HK\$5.0 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the total value in pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Placing Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 10,500,000 Public Offer Shares, being 50% of the 21,000,000 Public Offer Shares initially available under the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, Joint Lead Managers (for themselves and on behalf of the Underwriters) shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (a) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 63,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 84,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 105,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In each case, the additional Offer Shares reallocated to the Placing will be correspondingly reduced, in such manner as Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate. In addition, Joint Lead Managers (for themselves and on behalf of the Underwriters) may in their sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer Shares are not fully subscribed, Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate. If the Placing Shares are not fully subscribed or purchased, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed or unpurchased Placing Shares to the Public Offer in such amount as Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Placing Shares under the Placing.

The listing of the Placing Shares on the Stock Exchange is sponsored by the Sponsor.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applicants under the Public Offer are required to pay, on application, the maximum offer price of HK\$0.85 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,434.26 for one board lot of 4,000 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed “Pricing and allocation” in this section below, is less than the maximum offer price of HK\$0.85 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to apply for Public Offer Shares” in this prospectus.

THE PLACING

Number of Placing Shares offered

Subject to reallocation as described above, the Placing will consist of 189,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company’s enlarged issued share capital immediately after completion of the Share Offer.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional and institutional and other investors who 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 Placing is subject to the Public Offer being unconditional.

Allocation of Placing Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing and allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our 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 Lead Managers so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed “The Public Offer – Reallocation” above.

PRICING AND ALLOCATION

Determination of the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Placing Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Placing Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Friday, 1 December 2017, or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company and the number of Placing Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price range

The Offer Price will not be more than HK\$0.85 per Offer Share and is expected to be not less than HK\$0.75 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus.

Price payable on application

Applicants for Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$0.85 for each Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK\$3,434.26 per board lot of 4,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.85 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before 5:00 p.m. on Friday, 1 December 2017, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed “How to apply for Public Offer Shares” in this prospectus.

Change to Offer Price range

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during a bookbuilding process in respect of the Placing, and with the consent of our Company, reduce the number of the Offer Shares being offered under the Share Offer and/or change the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.TheSolisGrp.com notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants who have submitted their applications for Public Offer Shares before such an announcement is made may subsequently withdraw their applications in the event that such an announcement is subsequently made. In the absence of any notice being published in relation to a reduction in the number of the Offer Shares and/or change in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Announcement of Offer Price and basis of allocations

Announcement of the final Offer Price, together with the level of indication of interests in the Placing, and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Friday, 8 December 2017 in the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.TheSolisGrp.com website.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), agreeing on the Offer Price. We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer (including the Shares which fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

2. Placing Underwriting Agreement

The execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date.

3. Obligations under the Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

4. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed between us and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before 5:00 p.m. on Friday, 1 December 2017, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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 us on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.TheSolisGrp.com on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to apply for Public Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Friday, 8 December 2017 but will only become valid certificates of title at 8:00 a.m. on Monday, 11 December 2017 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus has not been exercised.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 11 December 2017, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 11 December 2017.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 2227.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- 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, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If an application is made by a person under a power of attorney, our Company, the Sponsor and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, either (i) use a **WHITE** Application Form; or (ii) apply online through the designated website of the **HK eIPO White Form** service provider at www.hkeipo.hk under the **HK eIPO White Form** service.

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, either (i) complete and sign the **YELLOW** Application Form; or (ii) give **electronic application instructions** to HKSCC via CCASS.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Tuesday, 28 November 2017 to 12:00 noon on Friday, 1 December 2017 from:

- (i) the following office of the Underwriters:

Sincere Securities Limited	9/F COSCO Tower 183 Queen's Road Central Hong Kong
Aristo Securities Limited	Room 101, 1/F On Hong Commercial Building 145 Hennessy Road Wan Chai, Hong Kong
Pacific Foundation Securities Limited	11th Floor, New World Tower II 16–18 Queen's Road Central Hong Kong

- (ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4–4A, Des Voeux Road Central Central
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion 38–40A Yee Wo Street Causeway Bay
Kowloon	Lok Fu Shopping Centre Branch	Shop G201, G/F., Lok Fu Shopping Centre
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road Cheung Sha Wan
New Territories	Maritime Square Branch	Shop 308E, Level 3, Maritime Square, Tsing Yi

HOW TO APPLY FOR PUBLIC OFFER SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 November 2017 until 12:00 noon on Friday, 1 December 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**HORSFORD NOMINEES LIMITED — SOLIS 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:

- Tuesday, 28 November 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 29 November 2017 — 9:00 a.m. to 5:00 p.m.
- Thursday, 30 November 2017 — 9:00 a.m. to 5:00 p.m.
- Friday, 1 December 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 1 December 2017, the last application day or such later time as described in "10. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xv) authorise our Company to place your name(s) or the name of 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 deposit any share certificate(s) into CCASS and/or to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Directors, the Sponsor, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 28 November 2017 until 11:30 a.m. on Friday, 1 December 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 1 December 2017 or such later time under the “10. Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
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 our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

(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, the Directors, the Sponsor, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, 28 November 2017 – 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Wednesday, 29 November 2017 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, 30 November 2017 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Friday, 1 December 2017 – 8:00 a.m. to 12:00 noon⁽¹⁾

HOW TO APPLY FOR PUBLIC OFFER SHARES

Note:

- (l) 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 Tuesday, 28 November 2017 until 12:00 noon on Friday, 1 December 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 Friday, 1 December 2017, the last application day or such later time as described in “10. Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed “Personal data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last

HOW TO APPLY FOR PUBLIC OFFER SHARES

application day in making your electronic applications. Our Company, the Directors, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 1 December 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

HOW TO APPLY FOR PUBLIC OFFER SHARES

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC). For further details on the Offer Price, please refer to the paragraph headed “Pricing and allocation” under the section headed “Structure and conditions of the Share Offer” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 December 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.

If the application lists do not open and close on Friday, 1 December 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” in this prospectus, an announcement will be made in such event.

HOW TO APPLY FOR PUBLIC OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer on Friday, 8 December 2017 on our Company's website at www.TheSolisGrp.com 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 (where appropriate) of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.TheSolisGrp.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, 8 December 2017;
- from the designated results of allocations website at www.tricor.com.hk/lipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 8 December 2017 to 12:00 midnight on Thursday, 14 December 2017;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 8 December 2017 to Wednesday, 13 December 2017 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 8 December 2017 to Tuesday, 12 December 2017 at all the receiving banks' designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and condition 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

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

HOW TO APPLY FOR PUBLIC OFFER SHARES

- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.85 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 the paragraph headed "Conditions of the Share Offer" under the section headed "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 the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 8 December 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Friday, 8 December 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’s order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 11 December 2017 provided that the Share Offer has become unconditional and the right of termination described in the paragraph headed “Underwriting arrangements and expenses” under the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal collection

(i) *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) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017 or such other date as notified by us.

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 Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address 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, 8 December 2017, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 8 December 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, 8 December 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. 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, 8 December 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.

(iii) *If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017, or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, 8 December 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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, 8 December 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 in the manner specified in "11. Publication of results" above on Friday, 8 December 2017.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 December 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, 8 December 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.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 8 December 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the 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 advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.**德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF SOLIS HOLDINGS LIMITED AND ALTUS CAPITAL LIMITED****Introduction**

We report on the historical financial information of Solis Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-48, which comprises the combined statements of financial position as at 31 December 2014, 2015 and 2016 and 31 May 2017, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the three years ended 31 December 2016 and the five months ended 31 May 2017 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-48 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2017 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 assessments, the reporting accountants consider internal control relevant to the entity's 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 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2014, 2015 and 2016 and 31 May 2017, 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 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the five months ended 31 May 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on 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-4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which contains information about the dividends paid by entities now comprising the Group in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

28 November 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of SME International Holdings Limited ("SME") and its subsidiary (collectively referred to as "SME Group") for the Track Record Period ("Underlying Financial Statements"). The Underlying Financial Statements have been prepared in accordance with the accounting policies which conform to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore, in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in Singapore dollar ("S\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Five months ended 31 May	
		2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
Revenue	5	22,206	45,506	39,953	15,869	15,020
Cost of services		<u>(12,933)</u>	<u>(29,529)</u>	<u>(22,302)</u>	<u>(9,617)</u>	<u>(8,476)</u>
Gross profit		9,273	15,977	17,651	6,252	6,544
Other income	6	60	183	181	94	72
Other gains and loss, net	6	–	43	57	–	(183)
Administrative expenses		<u>(3,580)</u>	<u>(4,434)</u>	<u>(4,066)</u>	<u>(1,744)</u>	<u>(1,708)</u>
Finance costs	7	–	–	(3)	–	(8)
Listing expenses		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(857)</u>
Profit before taxation		5,753	11,769	13,820	4,602	3,860
Income tax expense	8	<u>(984)</u>	<u>(1,903)</u>	<u>(2,272)</u>	<u>(787)</u>	<u>(755)</u>
Profit for the year/ period	9	<u>4,769</u>	<u>9,866</u>	<u>11,548</u>	<u>3,815</u>	<u>3,105</u>
Other comprehensive income (expense)						
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Surplus (deficit) on revaluation of a property		<u>81</u>	<u>(419)</u>	<u>(919)</u>	<u>–</u>	<u>60</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Surplus (deficit) on revaluation of intangible assets		21	(16)	(5)	(4)	2
(Loss) gain on changes in fair value of available-for-sale investment		<u>(4)</u>	<u>(22)</u>	<u>(4)</u>	<u>(11)</u>	<u>8</u>
		<u>17</u>	<u>(38)</u>	<u>(9)</u>	<u>(15)</u>	<u>10</u>
Other comprehensive income (expense) for the year/ period		<u>98</u>	<u>(457)</u>	<u>(928)</u>	<u>(15)</u>	<u>70</u>
Total comprehensive income for the year/ period		<u>4,867</u>	<u>9,409</u>	<u>10,620</u>	<u>3,800</u>	<u>3,175</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTES	THE GROUP			As at
		As at 31 December			31 May
		2014	2015	2016	2017
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	13	13,030	12,679	12,169	17,315
Intangible assets	14	123	140	135	156
Available-for-sale investment	15	151	129	125	133
		<u>13,304</u>	<u>12,948</u>	<u>12,429</u>	<u>17,604</u>
Current assets					
Trade receivables	17	4,765	8,049	8,726	5,933
Other receivables, deposits and prepayments	18	189	369	466	497
Amounts due from customers for contract work	19	4,315	1,999	1,911	3,342
Pledged fixed deposit	16	207	208	208	209
Bank balances and cash	16	8,715	18,081	8,761	7,293
		<u>18,191</u>	<u>28,706</u>	<u>20,072</u>	<u>17,274</u>
Current liabilities					
Trade payables and trade accruals	20	1,668	2,917	3,298	3,269
Other payables and accrued expenses	21	2,000	2,712	2,122	1,885
Amounts due to shareholders	22	6,003	7,002	–	–
Amounts due to customers for contract work	19	1,670	6,187	2,779	379
Obligations under finance leases	23	–	–	97	99
Income tax payable		1,645	1,896	2,443	2,387
Bank borrowing	28	–	–	–	389
		<u>12,986</u>	<u>20,714</u>	<u>10,739</u>	<u>8,408</u>
Net current assets		<u>5,205</u>	<u>7,992</u>	<u>9,333</u>	<u>8,866</u>
Total assets less current liabilities		<u>18,509</u>	<u>20,940</u>	<u>21,762</u>	<u>26,470</u>
Non-current liabilities					
Obligations under finance leases	23	–	–	191	149
Bank borrowing	28	–	–	–	1,578
Deferred tax liabilities	24	17	39	50	47
		<u>17</u>	<u>39</u>	<u>241</u>	<u>1,774</u>
Net assets		<u>18,492</u>	<u>20,901</u>	<u>21,521</u>	<u>24,696</u>
Capital and reserves					
Share capital	25	1,500	1,500	1,500	–*
Reserves		<u>16,992</u>	<u>19,401</u>	<u>20,021</u>	<u>24,696</u>
Total equity		<u>18,492</u>	<u>20,901</u>	<u>21,521</u>	<u>24,696</u>

* Less than S\$1,000

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital S\$'000	Accumulated profits S\$'000	Merger reserve S\$'000	Revaluation reserve for intangible assets S\$'000	Revaluation reserve for available-for-sale investment S\$'000	Revaluation reserve for property, plant and equipment S\$'000	Total S\$'000
At 1 January 2014	1,500	9,986	–	–	139	8,000	19,625
Total comprehensive income for the year:							
Profit for the year	–	4,769	–	–	–	–	4,769
Other comprehensive income (expense) for the year	–	–	–	21	(4)	81	98
	–	4,769	–	21	(4)	81	4,867
Dividends declared (<i>note 10</i>)	–	(6,000)	–	–	–	–	(6,000)
At 31 December 2014	1,500	8,755	–	21	135	8,081	18,492
Total comprehensive income for the year:							
Profit for the year	–	9,866	–	–	–	–	9,866
Other comprehensive expense for the year	–	–	–	(16)	(22)	(419)	(457)
	–	9,866	–	(16)	(22)	(419)	9,409
Dividends declared (<i>note 10</i>)	–	(7,000)	–	–	–	–	(7,000)
At 31 December 2015	1,500	11,621	–	5	113	7,662	20,901
Total comprehensive income for the year:							
Profit for the year	–	11,548	–	–	–	–	11,548
Other comprehensive expense for the year	–	–	–	(5)	(4)	(919)	(928)
	–	11,548	–	(5)	(4)	(919)	10,620
Dividends declared (<i>note 10</i>)	–	(10,000)	–	–	–	–	(10,000)
At 31 December 2016	1,500	13,169	–	–	109	6,743	21,521
Total comprehensive income for the period:							
Profit for the period	–	3,105	–	–	–	–	3,105
Other comprehensive income for the period	–	–	–	2	8	60	70
	–	3,105	–	2	8	60	3,175
Transfer upon the Reorganisation as defined in note 1	(1,500)	–	1,500	–	–	–	–
Issue of shares by SME	–*	–	–	–	–	–	–*
At 31 May 2017	–*	16,274	1,500	2	117	6,803	24,696
At 1 January 2016	1,500	11,621	–	5	113	7,662	20,901
Total comprehensive income for the period (unaudited):							
Profit for the period	–	3,815	–	–	–	–	3,815
Other comprehensive expense for the period	–	–	–	(4)	(11)	–	(15)
	–	3,815	–	(4)	(11)	–	3,800
At 31 May 2016 (unaudited)	1,500	15,436	–	1	102	7,662	24,701

* Less than S\$1,000

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
Operating activities					
Profit before taxation	5,753	11,769	13,820	4,602	3,860
Adjustments for:					
Depreciation of property, plant and equipment	310	366	334	140	177
Gain on disposal of property, plant and equipment	–	(43)	(57)	–	–
Interest income	(6)	(26)	(73)	(32)	(40)
Interest expense	–	–	3	–	8
Dividend income	(2)	(2)	(2)	(2)	(2)
Revaluation deficit of a property	–	–	–	–	183
Operating cash flows before working capital changes	6,055	12,064	14,025	4,708	4,186
Movements in working capital:					
(Increase) decrease in trade receivables	(3,230)	(3,284)	(677)	121	2,793
Increase in other receivables, deposits and prepayments	(52)	(180)	(97)	(146)	(31)
Decrease (increase) in amounts due from customers for contract work	1,327	2,316	88	(326)	(1,431)
(Decrease) increase in trade payables and trade accruals	(96)	1,249	381	1,549	(29)
Increase (decrease) in other payables and accrued expenses	711	712	(590)	(1,650)	(237)
Increase (decrease) in amounts due to customers for contract work	1,390	4,517	(3,408)	1,156	(2,400)
Cash generated from operations	6,105	17,394	9,722	5,412	2,851
Income tax paid	(420)	(1,630)	(1,714)	(607)	(814)
Net cash from operating activities	5,685	15,764	8,008	4,805	2,037
Investing activities					
Purchase of property, plant and equipment	(371)	(434)	(461)	(239)	(3,446)
Proceeds from disposal of property, plant and equipment	–	43	79	–	–
Purchase of intangible assets	(102)	(33)	–	–	(19)
Dividend received	2	2	2	2	2
Interest received	7	26	73	5	40
Placement of pledged deposits	–	(5,001)	(15,000)	(5,000)	(1)
Withdrawal of pledged deposits	–	5,000	15,000	–	–
Net cash used in investing activities	(464)	(397)	(307)	(5,232)	(3,424)

	Year ended 31 December			Five months ended 31 May	
	2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000	2017 S\$'000
Financing activities				(unaudited)	
Repayments of obligations under finance leases	–	–	(16)	–	(40)
Repayments of bank borrowing	–	–	–	–	(33)
Interest paid	–	–	(3)	–	(8)
Advance from shareholders	6	–	1	–	–
Repayment to shareholders	–	(1)	(3)	(3)	–
Dividend paid	(5,000)	(6,000)	(17,000)	–	–
Issue of shares by SME	–	–	–	–	–*
Net cash used in financing activities	<u>(4,994)</u>	<u>(6,001)</u>	<u>(17,021)</u>	<u>(3)</u>	<u>(81)</u>
Net increase (decrease) in cash and cash equivalents	227	9,366	(9,320)	(430)	(1,468)
Cash and cash equivalents at beginning of the year/ period	<u>8,488</u>	<u>8,715</u>	<u>18,081</u>	<u>18,081</u>	<u>8,761</u>
Cash and cash equivalents at end of the year/ period (note 16)	<u><u>8,715</u></u>	<u><u>18,081</u></u>	<u><u>8,761</u></u>	<u><u>17,651</u></u>	<u><u>7,293</u></u>

* Less than S\$1,000

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961) of the Cayman Islands on 21 June 2017. Its immediate and ultimate holding company is HMK Investment Holdings Limited (“HMK”), a company incorporated in the British Virgin Islands (the “BVI”). The address of the Company’s registered office and principal place of business is disclosed in the section headed “Corporate Information” to the Prospectus. The Company acts as investment holding company and its subsidiaries are principally engaged in provision of installations of mechanical and electrical systems.

The functional currency of the Company is S\$, which is also the functional currency of its principal subsidiaries as set out in note 33.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with IFRSs issued by IASB.

In preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the companies comprising the Group underwent the reorganisation (the “Reorganisation”) as described below.

- (i) SME International Holdings Limited (“SME”) was incorporated as a limited liability company under the laws of the BVI on 18 May 2017 with an authorised share capital of United States dollar (“US\$”) 50,000 divided into 50,000 shares with par value of US\$1.00 each. On the date of incorporation, Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (“Mr. Kenneth Teo”) (collectively referred to as the “Controlling Shareholders”) subscribed for, and SME allotted and issued 90 shares, 6 shares and 4 shares in SME to each of them, respectively, for cash at par.
- (ii) On 31 May 2017, SME acquired 1,350,000 shares, 90,000 shares and 60,000 shares, representing the entire issued share capital of Sing Moh Electrical Engineering Pte. Ltd. (“Sing Moh”), from Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, at a nominal consideration of S\$1.00 from each of them. Upon completion of the transfer, Sing Moh became wholly-owned by SME.
- (iii) On 20 June 2017, HMK was incorporated as a limited liability company under the laws of the BVI as the investment holding company by Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo. On the date of incorporation, HMK had an authorised share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each, and Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo subscribed for, and HMK allotted and issued 90 shares, 6 shares and 4 shares, respectively, in HMK to each of them for cash at par.
- (iv) On 21 June 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each. On the same day, the one initial share was transferred from initial subscriber to HMK.
- (v) On 14 November 2017, the Company entered into a share transfer agreement with Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo, pursuant to which the Company acquired 90 shares, 6 shares and 4 shares in SME, representing the entire issued share capital of SME from Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, in consideration of the Company issuing and allotting one new share to HMK.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and SME between the Controlling Shareholders as well as Sing Moh. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

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 current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2014, 2015 and 2016 and 31 May 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied all IFRSs, which are effective for the Group's accounting period beginning on 1 January 2017, consistently throughout the Track Record Period.

At the date of issuance of this report, the Company has not early applied the following new and amendments to IFRSs 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 ²
IFRS 17	Insurance contracts ⁴
IFRIC 22	Foreign currency transactions and advance consideration ¹
IFRIC 23	Uncertainty over income tax treatment ²
Amendments to IFRS 2	Classification and measurement of share-based payment transactions 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 ³
Amendments to IAS 40	Transfers of investment property ¹
Amendments to IFRS	Annual improvements to IFRS standards 2014-2016 cycle except for amendments to IFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

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.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IFRS 9 "Financial Instruments: Recognition and measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within 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 amortised 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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) on other comprehensive income, with only dividend income generally recognised in profit or loss; and

- 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.

Based on the Group's financial instruments and risk management policies as at 31 May 2017, the application of IFRS 9 in the future may not have a material impact on the classification and measurement of the Group's financial assets. However, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 15 Revenue from contracts with customers and related amendments

IFRS 15 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 year 2016, the IASB issued clarification 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 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 Group's future financial statements.

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 leases 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 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 a 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.

The Group's non-cancellable operating lease commitments as at 31 May 2017 amounted to S\$407,000 as disclosed in note 27. A preliminary assessment indicates that these arrangements will meet the definition of short-term leases under IFRS 16, and hence the Group will be able to apply the short-term lease exemption under IFRS 16. Accordingly, the directors of the Company do not anticipate that the application of IFRS 16 will have a material impact in the amounts reported and disclosures made in the financial statements.

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will have no material impact on the financial statements of the Group in future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of preparation

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs except for certain properties, intangible assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, 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 or value in use in IAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined 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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition. Income and expense is recognised on an effective interest basis for debt instruments.

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 except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investments

Shares securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 31. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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 pledged fixed deposit) 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 effect of discounting would be immaterial.

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 available-for-sale equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other 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 counterparty will enter bankruptcy or the disappearance of an active market for that financial asset because of financial difficulties.

Impairment loss for loans and receivables are assessed on an individual basis.

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.

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 reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of revaluation reserves.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group 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 payables and trade accruals, other payables and accrued expenses, amounts due to shareholders, obligations under finance leases and bank borrowing) are initially measured at fair value, and 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 after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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.

On de-recognition of a financial asset, 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Property, plant and equipment

Freehold property held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Any revaluation increase arising on the revaluation of such land and building is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and building is charged to profit or loss to the extent that it exceeds the balance, if any, held in the reserve relating to a previous revaluation of that asset.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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, on the following bases:

Plant and machinery	3 to 8 years
Building	30 years
Computer and software	3 years
Office equipment	3 to 6 years
Motor vehicles	6 years
Renovations, furniture and fittings	6 to 8 years

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 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Intangible assets

Intangible assets are carried at revalued amounts, being their fair value at the date of the revaluation. Any revaluation increase arising from revaluation of intangible assets is recognised in other comprehensive income and accumulated in reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an intangible asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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). Where 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment of least annually, and whenever there is an indication that may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

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 statement of financial position as an obligation under finance lease. Lease payments are apportioned between finance charges 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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Contract Revenue

Where the outcome of a 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 each reporting period, measured based on the proportion that revenue recognised with reference to the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be 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 recognized as an expense immediately.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Contract costs

Costs of 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, hire of equipment and subcontract cost.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings 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. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables.

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 revenue in the 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 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 and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/ period. Taxable profit differs from “profit before taxation” as reported in the 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 not taxable or tax deductible. The Group’s liability for current tax is calculated using tax rates (and tax laws) 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 financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for 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 rates (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.

Foreign currency transactions and translation

The Historical Financial Information of the Group is presented in S\$, the currency of the primary economic environment in which the Company and its subsidiaries operates (their functional currency).

In preparing the financial information at each individual group entity, transactions in currencies other than the entity’s functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's 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.

Contract revenue and costs

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each contract as the contract progresses. Budgeted contract costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going contracts. 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.

Impairment of receivables

The Group recognises impairment of receivables based on the recoverability of the receivables. If there is any indication that the receivables may be unrecoverable, impairment shall be recognised. The recognition of impairment requires judgement and estimation. If there is a difference between the re-estimated results and the existing estimation, it will affect the profit and the carrying amount of receivables during the periods in which the estimation changes.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the contract income for the installations of mechanical and electrical systems.

For the purpose of resources allocation and performance assessment, the chief operating decision makers (namely, Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo) review the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Information about 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			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)				
Customer A	4,250	–	–	–	–
Customer B	3,630	–	–	–	–
Customer C	2,713	N/A*	–	–	–
Customer D	5,261	10,043	N/A*	N/A*	–
Customer E	N/A*	6,959	–	–	–
Customer F	N/A*	5,835	–	–	–
Customer G	N/A*	4,665	13,851	7,375	–
Customer H	N/A*	9,385	14,393	3,490	2,936
Customer I	N/A*	N/A*	4,507	N/A*	N/A*
Customer J	–	N/A*	N/A*	N/A*	6,983
Customer K	–	–	–	–	1,928
Customer L	–	–	–	–	1,781

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year/period.

Geographical information

The Group principally operates in Republic of Singapore (“Singapore”), which is also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group’s property, plant and equipment are all located in Singapore.

6. OTHER INCOME AND OTHER GAINS AND LOSS, NET

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)				
Other income					
Interest income	6	26	73	32	40
Dividend income	2	2	2	2	2
Government grants	30	135	96	51	30
Others	22	20	10	9	–
	<u>60</u>	<u>183</u>	<u>181</u>	<u>94</u>	<u>72</u>
Other gains and loss					
Gain on disposal of property, plant and equipment	–	43	57	–	–
Revaluation deficit of a property	–	–	–	–	(183)
	<u>–</u>	<u>43</u>	<u>57</u>	<u>–</u>	<u>(183)</u>

7. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Interest expenses arising from:					
Obligations under					
finance leases	–	–	3	–	6
Bank borrowing	–	–	–	–	2
	<u>–</u>	<u>–</u>	<u>3</u>	<u>–</u>	<u>8</u>

8. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Tax expense comprises:					
Current tax					
– Singapore corporate					
income tax (“CIT”)	967	1,881	2,261	782	758
Deferred tax expense (credit)	<u>17</u>	<u>22</u>	<u>11</u>	<u>5</u>	<u>(3)</u>
	<u>984</u>	<u>1,903</u>	<u>2,272</u>	<u>787</u>	<u>755</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 (“YA”) 2013 to 2015 and adjusted to 50%, capped at S\$20,000 for YA 2016 and S\$25,000 for YA 2017. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal 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			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit before taxation	<u>5,753</u>	<u>11,769</u>	<u>13,820</u>	<u>4,602</u>	<u>3,860</u>
Tax at applicable tax rate of 17%	978	2,001	2,349	782	656
Tax effect of expenses not deductible for tax purpose	128	64	38	28	187
Tax effect of income not taxable for tax purpose	–	(4)	(12)	–	–
Effect of tax concessions and partial tax exemptions	<u>(122)</u>	<u>(158)</u>	<u>(103)</u>	<u>(23)</u>	<u>(88)</u>
Taxation for the year/ period	<u>984</u>	<u>1,903</u>	<u>2,272</u>	<u>787</u>	<u>755</u>

9. PROFIT FOR THE YEAR/ PERIOD

Profit for the year/ period has been arrived at after charging:

	Year ended 31 December			Five months ended 31 May	
	2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
Depreciation of property, plant and equipment	310	366	334	140	177
Auditor's remuneration	15	17	64	28	42
Director's remuneration (including contributions to CPF)	1,034	1,085	1,040	426	431
Other staff costs					
– Salaries and other benefits	6,238	9,641	8,951	3,934	3,314
– Contributions to CPF	<u>227</u>	<u>282</u>	<u>274</u>	<u>124</u>	<u>91</u>
Total staff costs (<i>Note a</i>)	<u>7,499</u>	<u>11,008</u>	<u>10,265</u>	<u>4,484</u>	<u>3,836</u>
Subcontractor costs recognised as cost of services	354	7,223	891	106	708
Revaluation loss of property, plant and equipment	–	–	–	–	183
Minimum lease payments under operating leases (<i>Note b</i>)	<u>7</u>	<u>536</u>	<u>550</u>	<u>269</u>	<u>199</u>

Notes:

- (a) Staff costs of S\$5,201,000, S\$8,565,000, S\$7,975,000, S\$3,516,000 (unaudited) and S\$2,874,000 are included in cost of services during the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2016 and 2017 respectively.
- (b) Lease payments of Nil, S\$11,000, S\$7,000, S\$4,000 (unaudited) and Nil are included in cost of services during the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2016 and 2017 respectively.

10. DIVIDEND

During the year ended 31 December 2014, Sing Moh declared a dividend of S\$4 per ordinary share totalling S\$6,000,000 in respect of the financial year ended 31 December 2013. The dividend was paid out to the then shareholders in 2015.

During the year ended 31 December 2015, Sing Moh declared a dividend of S\$4.67 per ordinary share totalling S\$7,000,000 in respect of the financial year ended 31 December 2014. The dividend was paid out to the then shareholders in 2016.

During the year ended 31 December 2016, Sing Moh declared a dividend of S\$4.67 per ordinary share totalling S\$7,000,000 in respect of the financial year ended 31 December 2015 and a dividend of S\$2 per ordinary share totalling S\$3,000,000 in respect of the financial year ended 31 December 2016. The total dividends were paid out to the then shareholders in 2016.

Other than the above, no dividend was paid or declared by any group entities comprising the Group.

11. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Directors' and chief executive's emoluments

Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr Kenneth Teo were appointed as directors of the Company on 21 June 2017. The emoluments paid or payable to the directors and chief executive of the Group (including emoluments for services as directors of the group entities prior to becoming the directors of the Company) by 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 2014	Director fees S\$'000	Salaries and allowance S\$'000	Bonus S\$'000	Contributions to CPF S\$'000	Total S\$'000
Executive Directors					
Mr. Tay Yong Hua (i)	–	295	200	10	505
Mr. Tay Yong Meng	–	156	100	12	268
Mr. Kenneth Teo (ii)	–	167	80	14	261
	–	618	380	36	1,034
Year ended 31 December 2015					
	Director fees S\$'000	Salaries and allowance S\$'000	Bonus S\$'000	Contributions to CPF S\$'000	Total S\$'000
Executive Directors					
Mr. Tay Yong Hua (i)	–	300	200	11	511
Mr. Tay Yong Meng	–	166	100	15	281
Mr. Kenneth Teo (ii)	–	178	100	15	293
	–	644	400	41	1,085
Year ended 31 December 2016					
	Director fees S\$'000	Salaries and allowance S\$'000	Bonus S\$'000	Contributions to CPF S\$'000	Total S\$'000
Executive Directors					
Mr. Tay Yong Hua (i)	–	300	150	14	464
Mr. Tay Yong Meng	–	178	90	17	285
Mr. Kenneth Teo (ii)	–	190	84	17	291
	–	668	324	48	1,040

Year ended 31 May 2016 (unaudited)	Director fees	Salaries and allowance	Bonus	Contributions to CPF	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Executive Directors					
Mr. Tay Yong Hua (i)	–	125	63	4	192
Mr. Tay Yong Meng	–	73	38	5	116
Mr. Kenneth Teo (ii)	–	78	35	5	118
	–	276	136	14	426
Five months ended 31 May 2017					
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Executive Directors					
Mr. Tay Yong Hua (i)	–	125	63	4	192
Mr. Tay Yong Meng	–	75	38	5	118
Mr. Kenneth Teo (ii)	–	80	36	5	121
	–	280	137	14	431

- (i) Mr. Tay Yong Hua acts as Executive Chairman of the Company.
- (ii) Mr. Kenneth Teo acts as Chief Executive Officer of the Company.
- (iii) No remuneration was paid by the Group to Ms. Theng Siew Lian Lisa, Mr. Law Wang Chak Waltey and Mr. Tan Sin Huat Dennis, who were appointed as independent non-executive directors on 14 November 2017, during the Track Record Period.

Performance related bonus was determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance. The emoluments stated above were for their services in connection with their roles as directors of the Company and its subsidiaries.

During the Track Record Period, no remuneration was paid by the Group to the directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during the Track Record Period.

Employees' remuneration

The remunerations of the five highest paid individuals, including the 3 directors and 2 individuals, over the Track Record Period and the five months ended 31 May 2016 (unaudited), are as below:

	Year ended 31 December			Five months ended 31 May	
	2014 S\$'000	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
Salaries and allowances	737	775	830	337	370
Discretionary bonus	448	480	406	169	171
Contributions to CPF	<u>61</u>	<u>70</u>	<u>81</u>	<u>24</u>	<u>24</u>
Total compensation	<u>1,246</u>	<u>1,325</u>	<u>1,317</u>	<u>530</u>	<u>565</u>

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016 (unaudited)	2017
Nil to HK\$1,000,000	2	2	2	4	4
HK\$ 1,000,001 to HK\$1,500,000	—	—	—	1	1
HK\$1,500,001 to HK\$2,000,000	2	2	2	—	—
HK\$2,500,001 to HK\$3,000,000	—	1	1	—	—
HK\$3,000,001 to HK\$3,500,000	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the five highest paid individuals waived any remuneration during the Track Record Period.

12. 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 1.

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S\$'000	Buildings S\$'000	Freehold lands S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
Cost or valuation:								
At 1 January 2014	18	3,200	9,300	95	33	1,155	54	13,855
Additions	–	–	–	5	18	345	3	371
Revaluation (deficit) surplus	–	(50)	50	–	–	–	–	–
At 31 December 2014	18	3,150	9,350	100	51	1,500	57	14,226
Additions	30	–	–	46	16	267	75	434
Disposals	(9)	–	–	(2)	(2)	(365)	–	(378)
Revaluation deficit	–	(50)	(450)	–	–	–	–	(500)
At 31 December 2015	39	3,100	8,900	144	65	1,402	132	13,782
Additions	–	–	–	5	20	740	–	765
Disposals	(3)	–	–	(3)	–	(285)	–	(291)
Revaluation deficit	–	(100)	(900)	–	–	–	–	(1,000)
At 31 December 2016	36	3,000	8,000	146	85	1,857	132	13,256
Additions	–	621	4,762	37	–	25	1	5,446
Revaluation deficit	–	(21)	(162)	–	–	–	–	(183)
At 31 May 2017	36	3,600	12,600	183	85	1,882	133	18,519
Comprising								
At 31 December 2014:								
At cost	18	–	–	100	51	1,500	57	1,726
At valuation	–	3,150	9,350	–	–	–	–	12,500
	18	3,150	9,350	100	51	1,500	57	14,226
At 31 December 2015:								
At cost	39	–	–	144	65	1,402	132	1,782
At valuation	–	3,100	8,900	–	–	–	–	12,000
	39	3,100	8,900	144	65	1,402	132	13,782
At 31 December 2016:								
At cost	36	–	–	146	85	1,857	132	2,256
At valuation	–	3,000	8,000	–	–	–	–	11,000
	36	3,000	8,000	146	85	1,857	132	13,256
At 31 May 2017:								
At cost	36	–	–	183	85	1,882	133	2,319
At valuation	–	3,600	12,600	–	–	–	–	16,200
	36	3,600	12,600	183	85	1,882	133	18,519

	Plant and machinery S\$'000	Buildings S\$'000	Freehold lands S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
Accumulated depreciation:								
At 1 January 2014	9	–	–	64	15	836	43	967
Charge for the year	7	81	–	26	9	180	7	310
Eliminated on revaluation	–	(81)	–	–	–	–	–	(81)
At 31 December 2014	16	–	–	90	24	1,016	50	1,196
Charge for the year	15	81	–	24	15	214	17	366
Elimination on disposals	(9)	–	–	(2)	(2)	(365)	–	(378)
Eliminated on revaluation	–	(81)	–	–	–	–	–	(81)
At 31 December 2015	22	–	–	112	37	865	67	1,103
Charge for the year	16	81	–	17	17	190	13	334
Eliminated on disposals	(2)	–	–	(3)	–	(264)	–	(269)
Eliminated on revaluation	–	(81)	–	–	–	–	–	(81)
At 31 December 2016	36	–	–	126	54	791	80	1,087
Charge for the period	–	60	–	9	4	99	5	177
Eliminated on revaluation	–	(60)	–	–	–	–	–	(60)
At 31 May 2017	36	–	–	135	58	890	85	1,204
Carrying amount:								
At 31 December 2014	<u>2</u>	<u>3,150</u>	<u>9,350</u>	<u>10</u>	<u>27</u>	<u>484</u>	<u>7</u>	<u>13,030</u>
At 31 December 2015	<u>17</u>	<u>3,100</u>	<u>8,900</u>	<u>32</u>	<u>28</u>	<u>537</u>	<u>65</u>	<u>12,679</u>
At 31 December 2016	<u>–</u>	<u>3,000</u>	<u>8,000</u>	<u>20</u>	<u>31</u>	<u>1,066</u>	<u>52</u>	<u>12,169</u>
At 31 May 2017	<u>–</u>	<u>3,600</u>	<u>12,600</u>	<u>48</u>	<u>27</u>	<u>992</u>	<u>48</u>	<u>17,315</u>

Assets under finance lease arrangement

The carrying value of below items are assets held under finance leases:

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Motor vehicles	<u>–</u>	<u>–</u>	<u>507</u>	<u>471</u>

Fair value measurement of the Group's freehold property

The Group's freehold property is stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Company's freehold property as at 31 December 2014, 2015 and 2016 and 31 May 2017 were performed by Cushman & Wakefield VHS Pte Ltd, independent valuers that are not related to the Group. Cushman & Wakefield VHS Pte Ltd are members of the Singapore Institute of Surveyors and Valuers, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The address of Cushman & Wakefield VHS Pte Ltd is 3 Church Street, #09-03 Samsung Hub, Singapore.

The fair value of the freehold properties, comprising of freehold lands and buildings, was determined based on market comparable approach that reflects recent transaction prices for similar properties.

Description	Fair value as at S\$	Valuation Technique	Significant unobservable input	Sensitivity
31 December 2014				
Freehold property A	12,500,000	Market comparison approach	Market price of S\$1,244 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
31 December 2015				
Freehold property A	12,000,000	Market comparison approach	Market price of S\$1,194 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
31 December 2016				
Freehold property A	11,000,000	Market comparison approach	Market price of S\$1,095 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
31 May 2017				
Freehold property A	11,000,000	Market comparison approach	Market price of S\$1,095 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property B	5,200,000	Market comparison approach	Market price of S\$1,107 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

For building on freehold property A, the significant inputs include the estimated construction costs and other ancillary expenditure of approximately S\$3,500,000, and a depreciation factor applied to the estimated construction cost, commencing from the year of acquisition 2009, of approximately 2% for the years/ period ended 31 December 2014, 2015, 2016 and 31 May 2017.

For building on freehold property B acquired in 2017, the significant inputs include the estimated construction costs and other ancillary expenditure of approximately S\$1,250,000, and a depreciation factor applied to the estimated construction cost, commencing from the year 1992, of approximately 2% for the period ended 31 May 2017.

The fair value of the freehold lands is computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach and the cost approach respectively.

Any significant isolated change to these inputs would result in a significant change in fair value measurement. There has been no change to the valuation technique used during the Track Record Period.

Details of the Group's freehold property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 December 2014
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>At 31 December 2014</i>				
Freehold land	–	–	9,350	9,350
Building	–	–	3,150	3,150
	<u>–</u>	<u>–</u>	<u>12,500</u>	<u>12,500</u>
				Fair value as at 31 December 2015
	Level 1	Level 2	Level 3	2015
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>At 31 December 2015</i>				
Freehold land	–	–	8,900	8,900
Building	–	–	3,100	3,100
	<u>–</u>	<u>–</u>	<u>12,000</u>	<u>12,000</u>
				Fair value as at 31 December 2016
	Level 1	Level 2	Level 3	2016
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>At 31 December 2016</i>				
Freehold land	–	–	8,000	8,000
Building	–	–	3,000	3,000
	<u>–</u>	<u>–</u>	<u>11,000</u>	<u>11,000</u>

	Level 1	Level 2	Level 3	Fair value as at 31 May 2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>At 31 May 2017</i>				
Freehold lands	–	–	12,600	12,600
Buildings	–	–	3,600	3,600
	<u>–</u>	<u>–</u>	<u>16,200</u>	<u>16,200</u>

There were no transfers between the respective levels during the Track Record Period.

Had the freehold properties been carried under the cost model, the carrying amounts of the freehold lands and buildings would have been S\$2,500,000, S\$2,500,000, S\$2,500,000, and S\$7,262,000, and S\$1,919,000, S\$1,839,000, S\$1,758,000, and S\$2,345,000 respectively as at 31 December 2014, 2015, 2016 and 31 May 2017.

Freehold property with a carrying amount of S\$12,500,000, S\$12,000,000, S\$11,000,000 and S\$16,200,000 as at 31 December 2014, 2015, and 2016 and 31 May 2017 respectively have been pledged to secure bank facilities and bank borrowing (note 28). The Group is not allowed to pledge these assets as security for other borrowings or sell them to other entity without prior written consent of the bank.

14. INTANGIBLE ASSETS

Club Membership	As at 31 December			As at 31 May
	2014	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Fair value				
Balance at beginning of year/period	–	123	140	135
Additions	102	33	–	19
Surplus (deficit) on revaluation	21	(16)	(5)	2
Balance at end of year/period	<u>123</u>	<u>140</u>	<u>135</u>	<u>156</u>

The intangible assets included above have indefinite useful lives. At the end of each year/period, management reviews the fair value measurement of the club membership against the observable quoted market price to determine the fair value changes to be recognised in equity.

15. AVAILABLE-FOR-SALE INVESTMENT

	As at 31 December			As at 31 May
	2014	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Equity securities listed in Singapore	<u>151</u>	<u>129</u>	<u>125</u>	<u>133</u>

16. PLEDGED FIXED DEPOSIT/BANK BALANCES AND CASH

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Pledged fixed deposit (<i>Note a</i>)	207	208	208	209
Cash on hand	3	70	103	10
Bank balances (<i>Note b</i>)	8,712	18,011	8,658	7,283
	<u>8,715</u>	<u>18,081</u>	<u>8,761</u>	<u>7,293</u>

Notes:

- (a) The balance represents fixed deposit with an original maturity of 12 months for the purpose of securing the line of credit of S\$3.2 million as at 31 December 2014, 2015 and 2016 and S\$5.8 million as at 31 May 2017 granted to the Group (note 28). The balances are rolled forward on their maturity in March each year, and carry interest of 0.25 % per annum at 31 December 2014, 2015 and 2016 and 31 May 2017, respectively.
- (b) Bank balances carry interest at prevailing market rate of approximately 0.1% per annum at 31 December 2014, 2015 and 2016 and 31 May 2017 respectively.

17. TRADE RECEIVABLES

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Trade receivables	1,975	3,393	4,746	1,763
Retention receivables (<i>Note</i>)	2,790	4,656	3,980	4,170
	<u>4,765</u>	<u>8,049</u>	<u>8,726</u>	<u>5,933</u>

Note: Retention monies withheld by customers of contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S\$1,914,000, S\$3,336,000, S\$2,631,000 and S\$3,202,000 which is expected to be recovered after 12 months of the reporting period.

The Group grants credit terms to customers typically up to 35 days from the invoice date for trade receivables.

The table below is an analysis of trade receivables as at year/ period end:

Analysis of trade receivables

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Not past due and not impaired	329	1,308	3,331	1,628
Past due but not impaired	<u>1,646</u>	<u>2,085</u>	<u>1,415</u>	<u>135</u>
	<u>1,975</u>	<u>3,393</u>	<u>4,746</u>	<u>1,763</u>

The following is an ageing analysis of trade receivables from third parties presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
0 to 30 days	1,462	2,355	3,344	1,731
31 to 60 days	248	1,005	774	–
61 to 90 days	–	–	203	6
More than 90 days	<u>265</u>	<u>33</u>	<u>425</u>	<u>26</u>
	<u>1,975</u>	<u>3,393</u>	<u>4,746</u>	<u>1,763</u>

The following is an analysis of trade receivables by age, presented based on the due date at the end of each reporting period:

Receivables that are past due but not impaired

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
1 to 30 days	1,346	2,052	787	103
31 to 60 days	35	–	204	–
61 to 90 days	–	–	385	6
More than 90 days	<u>265</u>	<u>33</u>	<u>39</u>	<u>26</u>
	<u>1,646</u>	<u>2,085</u>	<u>1,415</u>	<u>135</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.

Included in the Group's trade receivables are carrying amounts of approximately S\$1,646,000, S\$2,085,000, S\$1,415,000 and S\$135,000 which are past due at 31 December 2014, 2015 and 2016 and 31 May 2017, 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.

In determining the recoverability of trade receivables, the management of the Company considers any change in the credit quality of the trade receivables from the initial recognition date to the end of the reporting period. In the opinion of the management of the Company, the 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 the remaining unsettled balances.

The Group does not hold any collateral over these balances.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Deposits	21	136	107	96
Prepayments	141	199	297	151
Deferred listing expenses	–	–	–	242
Advances to staff	27	34	33	8
Other receivables	–	–	29	–
	<u>189</u>	<u>369</u>	<u>466</u>	<u>497</u>

19. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Contract cost incurred plus recognised profits				
less recognised losses	57,699	76,818	98,395	87,528
Less: Progress billings	<u>(55,054)</u>	<u>(81,006)</u>	<u>(99,263)</u>	<u>(84,565)</u>
	<u>2,645</u>	<u>(4,188)</u>	<u>(868)</u>	<u>2,963</u>
Analysed for reporting purposes as:				
Amounts due from customers for contract work	4,315	1,999	1,911	3,342
Amounts due to customers for contract work	<u>(1,670)</u>	<u>(6,187)</u>	<u>(2,779)</u>	<u>(379)</u>
	<u>2,645</u>	<u>(4,188)</u>	<u>(868)</u>	<u>2,963</u>

20. TRADE PAYABLES AND TRADE ACCRUALS

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Trade payables	1,668	2,610	2,905	2,315
Trade accruals	–	307	393	954
	<u>1,668</u>	<u>2,917</u>	<u>3,298</u>	<u>3,269</u>

The credit period on purchases from suppliers and subcontractors is between 30 to 90 days or payable upon delivery. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting year/period:

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Within 90 days	1,582	2,526	2,645	2,122
91 to 120 days	86	84	260	193
	<u>1,668</u>	<u>2,610</u>	<u>2,905</u>	<u>2,315</u>

21. OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	2017
				S\$'000
Accrued operating expenses	1,682	1,956	1,660	1,141
Accrued listing expenses	–	–	–	328
Other payables	318	756	462	416
	<u>2,000</u>	<u>2,712</u>	<u>2,122</u>	<u>1,885</u>

22. AMOUNTS DUE TO SHAREHOLDERS

The amounts due to shareholders are non-trade in nature, unsecured, interest-free, repayable on demand and unguaranteed. The shareholders are also the directors of the Company.

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at	As at 31 December			As at
	2014	2015	2016	31 May	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amounts payable under finance leases:								
Within one year	-	-	110	110	-	-	97	99
In more than one year but not more than two years	-	-	200	154	-	-	191	149
	-	-	310	264	-	-	288	248
Less: Future finance charges	-	-	(22)	(16)	-	-	-	-
Present value of lease obligations	-	-	288	248	-	-	288	248
Less: Amount due for settlement within 12 months (shown under current liabilities)					-	-	(97)	(99)
Amount due for settlement after 12 months					-	-	191	149

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	As at 31 December			As at
	2014	2015	2016	31 May
				2017
Interest rates per annum	-	-	2.68%	2.68%

The average lease term is 3 years. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 13).

24. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and the movements thereon:

	Accelerated tax depreciation <i>S\$'000</i>
As at 1 January 2014	–
Charged to profit or loss for the year	<u>17</u>
As at 31 December 2014	17
Charged to profit or loss for the year	<u>22</u>
As at 31 December 2015	39
Charged to profit or loss for the year	<u>11</u>
As at 31 December 2016	50
Credited to profit or loss for the period	<u>(3)</u>
As at 31 May 2017	<u><u>47</u></u>

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with tax law prevailing in Singapore.

25. SHARE CAPITAL**The Group**

The share capital as at 1 January 2014 and 31 December 2014, 2015 and 2016 represented the share capital of Sing Moh. The share capital as at 31 May 2017 represented the share capital of SME.

The Company

On 21 June 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each. On the same day, the one initial share was transferred from initial subscriber to HMK. On 14 November 2017, the Company entered into a share transfer agreement with Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo, pursuant to which the Company acquired 90 shares, 6 shares and 4 shares in SME, representing the entire issued share capital of SME from Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, in consideration of the Company issuing and allotting one new share to HMK. All ordinary shares issued rank *pari passu* with each other in all aspects.

26. 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:

Guarantees by Directors

The directors provided personal guarantees in respect of performance guarantees, immigration and undertaking bonds to insurance companies during the Track Record Period, of which approximately S\$8,009,000, S\$8,688,000, S\$8,007,000 and S\$7,996,000 remained outstanding as at 31 December 2014, 2015, 2016 and 31 May 2017 respectively.

The directors also provided joint and several personal guarantees in respect of the bank borrowing and banking facilities during the Track Record Period as set out in note 28. Other than the bank borrowing with carrying amount of approximately S\$1,967,000 as at 31 May 2017, the banking facilities remained unutilised during the Track Record Period.

Compensation of key management personnel

The emoluments of the directors who are also identified as members of key management of the Group during the Track Record Period are set out in note 11 to the Historical Financial Information.

27. OPERATING LEASE COMMITMENTS**The Group as lessee**

	Year ended 31 December			Five months ended 31 May	
	2014	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Minimum lease payments paid during the year/ period under operating lease in respect of staff dormitories and equipment	<u>7</u>	<u>536</u>	<u>550</u>	<u>269</u>	<u>199</u>

(unaudited)

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	<u>-</u>	<u>191</u>	<u>153</u>	<u>407</u>

The leases have tenures mainly for one year, with no renewal option or contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

28. BANK BORROWING AND BANKING FACILITIES

Bank borrowing

	31 December 2014 S\$'000	31 December 2015 S\$'000	31 December 2016 S\$'000	31 May 2017 S\$'000
Bank borrowing — secured	—	—	—	1,967
Analysed as:				
Carrying amount repayable within one year	—	—	—	389
Carrying amount repayable more than one year, but not exceeding two years	—	—	—	394
Carrying amount repayable more than two years, but not exceeding five years	—	—	—	1,184
	—	—	—	1,967
Less: Amount due within one year shown under current liabilities	—	—	—	(389)
Amount due for settlement after 12 months	—	—	—	1,578

On 31 March 2017, the Group raised borrowing of principal of S\$2,000,000 which is secured by a charge over freehold property B (note 13) with joint and several personal guarantees by Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo. The loan carries interest at 0.5% plus 3 month Singapore Interbank Offered Rate (“SIBOR”) in the first year, 0.6% plus 3 month SIBOR in the second year, 0.8% plus 3 month SIBOR in the third year and 1.0% plus 3 month SIBOR from the fourth year onwards.

Banking facilities

In 2009, the Group entered into a banking facility for a line of credit amounting to S\$3,200,000. In January 2017, the Group entered into revised banking facility terms for an increase line of credit from S\$3,200,000 to S\$5,780,000. The line of credit is secured by the mortgage over freehold property A, a fixed deposit placed with the bank and joint and several personal guarantees by Mr. Tay Yong Hua and Mr. Tay Yong Meng.

In March 2017, the Group entered into a new banking facility with another bank, for a combined facility limit of S\$500,000. The line of credit is secured by the mortgage over Freehold property B and joint and several personal guarantees by Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo.

These banking facilities remained unutilised during the Track Record Period.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statement of cash flows as cash flows from financing activities.

	Amount due to Shareholders S\$000	Obligations under finance leases S\$000	Borrowing from financial institution S\$000	Total S\$000
1 January 2014	4,997	—	—	4,997
Financing cash flows	(4,994)	—	—	(4,994)
Dividend declared (<i>note 10</i>)	<u>6,000</u>	<u>—</u>	<u>—</u>	<u>6,000</u>
31 December 2014	6,003	—	—	6,003
Financing cash flows	(6,001)	—	—	(6,001)
Dividend declared (<i>note 10</i>)	<u>7,000</u>	<u>—</u>	<u>—</u>	<u>7,000</u>
31 December 2015	7,002	—	—	7,002
Financing cash flows	(17,002)	(19)	—	(17,021)
Non-cash changes — new finance leases (<i>note 32</i>)	—	304	—	304
Dividend declared (<i>note 10</i>)	10,000	—	—	10,000
Finance costs recognised	<u>—</u>	<u>3</u>	<u>—</u>	<u>3</u>
31 December 2016	—	288	—	288
Financing cash flows	—	(46)	(35)	(81)
Non-cash changes — purchase of a property through a mortgage loan (<i>note 32</i>)	—	—	2,000	2,000
Finance costs recognised	<u>—</u>	<u>6</u>	<u>2</u>	<u>8</u>
31 May 2017	<u>—</u>	<u>248</u>	<u>1,967</u>	<u>2,215</u>

During the five months ended 31 May 2016 (unaudited), financing cash flows solely represented repayments to shareholders.

29. 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 each of the years ended 31 December 2014 and 2015 as well as up to 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\$263,000, S\$323,000 and S\$322,000, S\$138,000 (unaudited) and S\$105,000 for the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2016 and 2017 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2014, 2015 and 2016 and the five months ended 31 May 2017, contributions of S\$106,000, S\$184,000, S\$97,000 and S\$43,000 were accrued and subsequently paid at the end of the respective years/ period.

30. CAPITAL RISKS MANAGEMENT

The Group manages its capital to maintain a balance between continuity of funding of cash flows from operating activities.

The capital structure of the Group consists of debts, which includes obligations under finance leases and bank borrowing as disclosed in notes 23 and 28, and equity attributable to owners of the Group, comprising issued capital and reserves.

The directors of the Company reviews the capital structure on a regular basis. As part of this review, the director consider the cost of capital and the associated risk, and takes appropriate actions to adjust the Group's capital structure. The Group's overall strategy remains unchanged during the Track Record Period.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	As at 31 December			As at
	2014	2015	2016	31 May
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
– Available-for-sale investment	<u>151</u>	<u>129</u>	<u>125</u>	<u>133</u>
– Loans and receivables (including cash and cash equivalent)	<u>13,735</u>	<u>26,508</u>	<u>17,863</u>	<u>13,537</u>
Financial liabilities				
– Amortised cost	<u>9,494</u>	<u>12,086</u>	<u>5,230</u>	<u>7,021</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, pledged fixed deposit, trade payables and trade accruals, other payables and accrued expenses, amounts due to shareholders, obligations under financial leases and bank borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency 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.

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. 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 and deposits so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. Management does not expect interest rate risk exposure to be significant and will continuously monitor and consider interest rate hedging should the need arise.

Currency risk

The Group transacts mainly in S\$, which is the functional currency of the group entities comprising the Group. Hence, the foreign currency risk is minimal.

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 2014, 2015 and 2016 and 31 May 2017.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. 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 Company considers that the Group's credit risk is significantly reduced.

Approximately 65%, 95%, 75% and 90% of total trade receivables outstanding at 31 December 2014, 2015 and 2016 and 31 May 2017 were due from top 5 customers of the respective years/ period, which exposed the Group to concentration of credit risk.

Those top five 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 Company considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits and balances placed in 4 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 statements of financial position.

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.

Non-derivative financial liabilities

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) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

Liquidity tables

	Weighted average interest rate %	On demand or within 3 months S\$'000	3 to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
As at 31 December 2014							
Trade payables and trade accruals	N/A	1,668	-	-	-	1,668	1,668
Other payables and accrued expenses	N/A	1,823	-	-	-	1,823	1,823
Amounts due to shareholders	N/A	6,003	-	-	-	6,003	6,003
Total		9,494	-	-	-	9,494	9,494
As at 31 December 2015							
Trade payables and trade accruals	N/A	2,917	-	-	-	2,917	2,917
Other payables and accrued expenses	N/A	2,167	-	-	-	2,167	2,167
Amounts due to shareholders	N/A	7,002	-	-	-	7,002	7,002
Total		12,086	-	-	-	12,086	12,086
As at 31 December 2016							
Trade payables and trade accruals	N/A	3,298	-	-	-	3,298	3,298
Other payables and accrued expenses	N/A	1,932	-	-	-	1,932	1,932
Obligations under finance leases	2.68	27	83	200	-	310	288
Total		5,257	83	200	-	5,540	5,518
As at 31 May 2017							
Trade payables and trade accruals	N/A	3,269	-	-	-	3,269	3,269
Other payables and accrued expenses	N/A	1,787	-	-	-	1,787	1,787
Bank borrowing	1.73	104	311	1,633	-	2,048	1,967
Obligations under finance leases	2.68	27	83	154	-	264	248
Total		5,187	394	1,787	-	7,368	7,271

Non-derivative financial assets

All financial assets of the Group as at 31 December 2014, 2015 and 2016 and 31 May 2017 are non-interest bearing and repayable on demand or due within one year in 2014, 2015 and 2016 and 31 May 2017, except for bank balances and pledged fixed deposit as disclosed in note 16.

Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of the available-for-sale investments can be found in note 15.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the market value had been 10% higher/lower while all other variables were held constant:

- The Group's post-tax net profit for the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2017 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- The Group's reserves would increase/decrease by S\$15,000, S\$13,000, S\$13,000 and S\$13,000 during the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2017.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

Fair value***Fair value of the Group's financial assets that are measured at fair value on recurring basis***

The Group's available-for-sale investments is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the available-for-sale investments are determined (in particular, the valuation technique and inputs used).

Financial assets	Fair value			Fair value As at 31 May 2017 \$S'000	Fair value hierarchy	Valuation technique(s); and key input(s)
	As at 31 December 2014 \$S'000	2015 \$S'000	2016 \$S'000			
Available-for-sale investment						
Listed equity shares	151	129	125	133	Level 1	Quoted bid prices in an active market

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

Other than the available-for-sale investment as specified above, 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.

32. NON-CASH TRANSACTIONS

The Group's property, plant and equipment with an aggregate cost of approximately Nil, Nil, S\$304,000, Nil (unaudited) and Nil was acquired under finance lease arrangement, and cost of approximately Nil, Nil, Nil, Nil (unaudited) and S\$2,000,000 was financed by bank borrowing during the years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2016 and 2017, respectively.

33. INTERESTS IN SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholders/equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital	Shareholding interest attributable to the Company as at				Principal activities	Notes
			31 December 2014	2015	2016	31 May 2017		
Directly held								
SME	BVI, 18 May 2017	US\$100	N/A	N/A	N/A	100%	100%	Investment holding (a)
Indirectly held								
Sing Moh	Singapore, 11 August 1988	S\$1,500,000	100%	100%	100%	100%	100%	Provision of installations of mechanical and electrical systems (b)

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 March as their financial year end date.

Notes:

- (a) No audited financial statements of SME have been prepared since their respective dates of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of Sing Moh were prepared in accordance with Singapore Financial Reporting Standards issued by Institute of Singapore Chartered Accountants and were audited by LEE S F & Co. for the years ended 31 December 2014 and 2015 and by Deloitte & Touche LLP for the year ended 31 December 2016, a firm of Public Accountants and Chartered Accountants registered in Singapore.

34. SUBSEQUENT EVENTS

Saved as disclosed in the Historical Financial Information, subsequent to the end of the Track Record Period, the following significant events took place:

On 11 July 2017, SME declared a dividend of S\$3,000,000. In the opinion of the directors of the Company, it is expected that the dividend will be paid to the then shareholders before the Listing.

On 14 November 2017, the Reorganisation as detailed in the section headed "History, Reorganisation and corporate structure" in this prospectus was completed.

On 14 November 2017, written resolutions of the shareholders of the Company was passed to approve the matters set out in the paragraph headed "4. Written resolutions of our sole Shareholder passed on 14 November 2017" under the section headed "A. Further information about our Company" in Appendix V of the Prospectus. It was resolved, among other things:

- (i) the authorised share capital of the Company was increased to HK\$100,000,000 by the creation of 9,962,000,000 new shares of HK\$0.01 each;

- (ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "F. 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 offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$6,299,999.98 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 629,999,998 shares of the Company for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on the business day immediately before the date on which the shares are listed on the Stock Exchange and from which dealings in the shares are permitted to commence on the Stock Exchange.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Track Record Period.

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for the three years ended 31 December 2016 and the five months ended 31 May 2017 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The statement of unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed share offer of the Company's share ("Share Offer") on the audited combined net tangible assets of the Group as if the Share Offer had taken place on 31 May 2017.

The statement of unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 31 May 2017 or at any future date following the Share Offer.

The following statement of unaudited pro forma adjusted combined net tangible assets of the Group is based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 as shown in the accountants' report on the historical financial information of the Group for each of the three years ended 31 December 2016 and the five months ended 31 May 2017 (the "Accountants' Report"), the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 S\$'000 (Note 1)	Estimated net proceeds from the Share Offer S\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 S\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 per Share S\$ (Note 3)	HK\$ (Note 4)
Based on Offer Price of HK\$0.75 per Share	<u>24,540</u>	<u>23,065</u>	<u>47,605</u>	<u>0.057</u>	<u>0.314</u>
Based on Offer Price of HK\$0.85 per Share	<u>24,540</u>	<u>26,654</u>	<u>51,194</u>	<u>0.061</u>	<u>0.336</u>

Notes:

- (1) The audited combined net tangible assets of approximately S\$24,540,000 as at 31 May 2017 is determined based on the audited combined net assets of the Group attributable to the owners of the Company of approximately S\$24,696,000 as at 31 May 2017 with adjustment of intangible assets of approximately S\$156,000 as at 31 May 2017, which are extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 210,000,000 new Shares at the Offer Price of lower limit and upper limit of HK\$0.75 and HK\$0.85 per new Share, respectively, after deduction of the underwriting commissions and fees and other related expenses to be incurred by the Group subsequent to 1 June 2017.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the paragraph headed "General Mandate to Issue Shares" or the paragraph headed "General Mandate to Repurchase Shares" under the section headed "Share Capital" in this prospectus.

The estimated net proceeds from the Share Offer is converted from Hong Kong dollars into Singapore dollars at the rate of HK\$5.5 to S\$1.00. No representation is made that Hong Kong dollars amount have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at any other rates 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 May 2017 per Share is arrived at on the basis that 840,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 May 2017. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the paragraph headed "General Mandate to Issue Shares" or the paragraph headed "General Mandate to Repurchase Shares" under the section headed "Share Capital" in this prospectus.
- (4) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of S\$1.00 to HK\$5.5. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2017.

The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share does not take into account of dividends of S\$3,000,000 declared on 11 July 2017. Assuming that the dividends of S\$3,000,000 declared on 11 July 2017 had been taken into account, the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 May 2017 would have been S\$44,605,000 and S\$48,194,000 at the Offer Price of HK\$0.75 and HK\$0.85, respectively, and the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share would have been S\$0.053 (equivalent to HK\$0.292) and S\$0.057 (equivalent to HK\$0.314) at the Offer Price of HK\$0.75 and HK\$0.85, respectively, on the basis that 840,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 May 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Solis Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Solis Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted net tangible assets as at 31 May 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 28 November 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed share offer of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Share Offer") on the Group's financial position as at 31 May 2017 as if the Share Offer had taken place at 31 May 2017. 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 three years ended 31 December 2016 and the five months ended 31 May 2017, 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 4.29 of the Rules Governing the Listing of Securities on 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 behaviour.

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 4.29(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 4.29 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 May 2017 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 unaudited 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 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 November 2017

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from Cushman & Wakefield VHS Pte. Ltd., an independent property valuer, in connection with its opinion of value of the property interests of the Company as at 30 September 2017.



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Company Registration No. 200709839D

28 November 2017

Solis Holdings Limited

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111 Cayman Islands

Dear Sirs

VALUATION OF THE FOLLOWING PROPERTIES:

1. 85 Tagore Lane, Singapore 787527
2. 202 Tagore Lane, Singapore 787591

Cushman & Wakefield VHS Pte Ltd (“Cushman & Wakefield”) have been instructed by Solis Holdings Limited (the “Client”), to provide the market values as at 30 September 2017 and valuation certificates in respect of the above mentioned properties (“the Properties”), for the purpose of listing on the Hong Kong Stock Exchange.

Cushman & Wakefield have prepared valuation certificates in accordance with the requirements of the instructions and the following international definition of Market Value:

“Market Value is 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.”

The valuation has been made on the assumption that the owner sells the property on the open market in its existing state, but without the benefit of any other joint venture, management agreement or any similar arrangement which would affect the value of the property.

The valuation certificates are provided with a brief description of the Properties together with the key factors that have been considered in determining the market values of the Properties. The value conclusions reflect all information known by the valuers of Cushman & Wakefield who worked on the valuations in respect to the Properties, market conditions and available data.

Reliance on This Letter

The valuation contained in the valuation certificates are not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, the Client and other related parties. Whilst Cushman & Wakefield have endeavoured to obtain accurate information, it has not independently verified all the information provided by the Client or other reliable and reputable agencies.

Where applicable, information as to ownership, site area and zoning has been obtained from our searches at the relevant government or local authorities. Cushman & Wakefield have also relied to a considerable extent the property data provided by the Client on matters such as site and floor areas, building plans, dates of completion and all other relevant matters.

Also, in the course of the valuation, we have assumed that all the leases are legally valid and enforceable and the Properties have proper legal titles that can be freely transferable, leased and sub-leased in the market without being subject to any land premium or any extra charges. Cushman & Wakefield have no reason to doubt the truth and accuracy of the information provided to us by the Client which is material to the valuation.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on the Properties. Cushman & Wakefield have assumed that the Properties are free from encumbrances, restrictions or other outgoings of an onerous nature which would affect their market value, other than those which have been made known to Cushman & Wakefield.

We have inspected the exterior and, where possible, the interior of the Properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defect to the completed buildings. We are not, however, able to report that the Properties are free from rot, infestation or any structural defect. No tests were carried out to any of the services.

We have also not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

Valuation Rationale

In arriving at our valuation, we have adopted the Comparable Sales Method. In this method, comparison is made with sales of similar properties in the vicinity and in similar standard localities. Adjustments are made for differences in size, age and condition, and dates of transaction, amongst other factors, before arriving at the value of the Properties.

We have considered the following transactions:

Address	Land Area (Sq m)	Consideration	Remarks
98 Tagore Lane	405.00	S\$5,800,000	Transacted in April 2017
430 Tagore Industrial Avenue	722.60	S\$7,600,000	Transacted in December 2016
28 Tagore Lane	498.90	S\$5,250,000	Transacted in October 2016
178 Tagore Lane	403.10	S\$4,930,000	Transacted in May 2015
14 Tagore Lane	498.60	S\$7,222,000	Transacted in April 2015

Summary of Valuation

Our opinion of the market value of each of the Properties is stated in the tables below:

Property Address	Currency	Market Value as at 30 September 2017
1. 85 Tagore Lane, Singapore 787527	SGD	S\$11,000,000
2. 202 Tagore Lane, Singapore 787591	SGD	S\$5,200,000

The Valuation Summary of more property details for each of the Properties is attached.

Apportionment of land and building values

We would like to point out that the nature of an open market valuation of a property is such that it is not always possible to arrive at a valuation for the building as distinct from the site on which the building is situated. It is, however, recognized that there is at times a need to have a separate value for the building on which to base the charge for depreciation. As instructed, the informal apportionment of the market value of the Properties is as follows:

	85 Tagore Lane	202 Tagore Lane
(i) Valuation of Property as at 30 September 2017	S\$11,000,000	S\$5,200,000
(ii) Estimated Replacement Cost of building (new)	S\$3,500,000	S\$1,250,000
(iii) Estimated Age of building	About 7 years	About 25 years
(iv) Assumed economic lifespan of building	50 years	50 years
(v) Estimated Depreciated Replacement Cost of building	S\$3,000,000	S\$600,000
(vi) Residual amount for land (i)–(v)	S\$8,000,000	S\$4,600,000

However, we would like to reiterate that the apportioned figures provided herein i.e. the “depreciated replacement cost” of the building structure and the resultant “residual amount” for the land component, are informal apportionments and they do not represent the market value of the building and land components.

Disclaimer

The valuation certificates were prepared for purposes of inclusion in the prospectus to be issued in relation to the Client’s listing on the Stock Exchange (the “Prospectus”). We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information presented in this valuation summary and certificates. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given in this valuation summary and valuation certificates.

All information provided to us by the Client is treated as correct and true and we accept no responsibility for subsequent changes in information and reserve the right to change our valuation if any information provided were to materially change.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with the Client or other party/parties whom the Client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties in the respective localities.

Yours faithfully

For and on behalf of

Cushman & Wakefield VHS Pte. Ltd.

Chew May Yenk

Executive Director,

Valuation & Advisory

Singapore

MSISV

Licensed Appraiser No AD41-2004419H

The signatory has over 30 years of valuation and consultancy experience.

VALUATION CERTIFICATE

Property held by the Group for owner-occupation in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
85 Tagore Lane, Singapore 787527	<p>The Property comprises a parcel of land (Lot No. MK20-1515M) with a 4-storey corner terrace factory with a mezzanine level. The building comprises production and storage areas on the 1st storey and mezzanine level, office space on the 2nd storey and workers' dormitory on the 3rd and 4th storeys. It was completed circa 2009.</p> <p>The Property is located along Tagore Lane, off Tagore Road. It is approximately 12 kilometres north from the city centre at Raffles Place. The Property is well served by major roads and expressways such as Upper Thomson Road, Yio Chu Kang Road, Seletar Expressway (SLE) and Central Expressway (CTE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Upper Thomson Road.</p> <p>Surrounding developments are mixed in nature, comprising light industrial buildings, public HDB housing estates, private landed housing estates and residential developments.</p> <p>The Property has a land area of 933.60 sq m and a gross floor area of approximately 1,711.55 sq m (according to architectural plans provided).</p> <p>The Property has an estate in perpetuity (freehold) tenure.</p>	As at the valuation date, the Property was owner-occupied.	S\$11,000,000

Notes:

- (1) The registered proprietor for the Property is Sing Moh Electrical Engineering Pte Ltd for perpetuity. The Property is currently being used by the owner for the purposes of storage, office and accommodation of workers.
- (2) According to the Urban Redevelopment Authority Master Plan 2014, the Property is zoned for B1 industrial use, which is the highest and best use of the Property.
- (3) The Property is subject to a mortgage in favour of United Overseas Bank Limited lodged on 23 April 2009.
- (4) According to a Grant of Written Permission (Temporary) (Decision No: P090709-13B2-E021) dated 29 July 2015 issued by Urban Redevelopment Authority (URA), the 3rd and 4th storey of the Property is permitted to be used as secondary workers' dormitory with occupancy for 74 persons for a period of 3 years commencing from 6 August 2015. Upon expiry of the temporary permission for the temporary secondary workers' dormitory, the premises shall be used for industrial purposes.
- (5) An inspection of the Property was carried out by Jay Chua, a licensed appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV), on 2 November 2017.

VALUATION CERTIFICATE

Property held by the Group for owner-occupation in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
202 Tagore Lane, Singapore 787591	<p>The Property comprises a parcel of land (Lot No. MK20-2339M) with a 3-storey corner terrace factory. The building comprises production and storage areas on the 1st and 2nd storeys and workers' dormitory rooms on the 3rd storey. It was completed circa 1990s.</p> <p>The Property is located along Tagore Lane, off Tagore Road. It is approximately 12 kilometres north from the city centre at Raffles Place.</p> <p>The Property is well served by major roads and expressways such as Upper Thomson Road, Yio Chu Kang Road, Seletar Expressway (SLE) and Central Expressway (CTE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Upper Thomson Road.</p> <p>Surrounding developments are mixed in nature, comprising light industrial buildings, public HDB housing estates, private landed housing estates and residential developments.</p> <p>The Property has a land area of 436.40 sq m and a gross floor area of approximately 673.5 sq m (according to information provided).</p> <p>The Property has an estate in perpetuity (freehold) tenure.</p>	As at the valuation date, the Property was vacant.	S\$5,200,000

Notes:

- (1) The registered proprietor for the Property is Sing Moh Electrical Engineering Pte Ltd for perpetuity. The Property is currently vacant.
- (2) According to the Urban Redevelopment Authority Master Plan 2014, the Property is zoned for B1 industrial use, which is the highest and best use of the Property.
- (3) The Property is subject to a mortgage in favour of Standard Chartered Bank (Singapore) Limited lodged on 18 May 2017.
- (4) The Property is subject to a restrictive covenant lodged on 2 February 1991.
- (5) According to a Grant of Written Permission (Temporary) (Decision No: P071005-19Z4-E022) dated 18 April 2016 issued by Urban Redevelopment Authority (URA), the 3rd storey of the Property is permitted to be used as secondary workers' dormitory with occupancy for 41 persons for a period of 3 years commencing from 20 April 2016. Upon expiry of the temporary permission for the temporary secondary workers' dormitory, the premises shall be used for industrial or warehouse purposes.
- (6) An inspection of the Property was carried out by Jay Chua, a licensed appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV), on 2 November 2017.

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 21 June 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 Amended and Restated Memorandum of Association (the “**Memorandum**”) and its Amended and Restated Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 14 November 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 Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the

opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also

cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given 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 authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, 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 11 July 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) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands Company Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands Company Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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 21 June 2017. Our Company has been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong Company on 9 August 2017 and our Company's principal place of business in Hong Kong is at Rooms 802–804, 8/F, Kin Wing Commercial Building, 24–30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong. Mr. Ng Chit Sing of Rooms 802–804, 8/F, Kin Wing Commercial Building, 24–30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws of the Cayman Islands and its constitution which comprises a memorandum of association and the articles of association. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles of Association is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

As at the date of the incorporation of our Company, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with par value of HK\$0.01 each. On the date of incorporation, the initial subscriber subscribed for, and our Company allotted and issued, the one subscriber Share. On the same day, the one initial Share was transferred to HMK.

On 14 November 2017, our Company issued and allotted one new Share to HMK.

Immediately following completion of the Capitalisation Issue and the Share Offer, the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 840,000,000 Shares will be issued fully paid or credited as fully paid, and 9,160,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “4. Written resolutions of our sole Shareholder passed on 14 November 2017” under the section headed “A. Further information about our Company” in this appendix, the Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meetings, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries

The principal subsidiaries of our Company are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this Prospectus, our Company has no other subsidiaries.

Save as disclosed in the section headed "History, Reorganisation and corporate structure" in this prospectus, there are no changes in the registered capital of our Company's subsidiaries during the two years preceding the date of this prospectus.

4. Written resolutions of our sole Shareholder passed on 14 November 2017

Pursuant to the written resolutions of the Shareholder of our Company entitled to vote at general meetings of our Company, which were passed on 14 November 2017:

- (a) our Company approved and adopted the Memorandum of Association with immediate effect;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of 9,962,000,000 Shares of HK\$0.01 each, which shall rank *pari passu* in all respects with the Shares in issue as at the date of the resolution;
- (c) conditional upon (i) the Listing Committee granting the approval of the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalisation Issue, the Share Offer and the Share Option Scheme) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the Joint Lead Managers (on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:
 - (i) our Company approved and conditionally adopted the Articles of Association with effect from the Listing Date;
 - (ii) conditional on the share premium account of our Company being credited as a result of the Share Offer, the sum of HK\$6,299,999.98 be capitalised and applied in paying up in full at par value 629,999,998 Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company at the close of business on the Business Day immediately before the Listing Date in proportion (as nearly as possible without involving fractions) to the then existing shareholder(s) in our Company and such Shares (or as they may direct) to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;

- (iii) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;
- (iv) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;
- (v) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to Directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but before any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to the Directors, whichever occurs first;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

- (vi) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, 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, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but before the exercise of any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association of our Company or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in a general meeting of our Company varying or revoking the authority given to the Directors, whichever occurs first;
- (vii) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c)(iv) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (c)(vi) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but before the exercise of any options which may be granted under the Share Option Scheme be and is approved; and

Each of the general mandates referred to in paragraphs (c)(v), (c)(vi) and (c)(vii) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (3) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Repurchase of our Shares

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on 14 November 2017 by all our sole Shareholder, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately following completion of the Share Offer (excluding Shares which may be issued pursuant to any options which may be granted under the Share Option Scheme), further details of which have been described above in the paragraph headed “4. Written resolutions of our sole Shareholder passed on 14 November 2017” under the section headed “A. Further information about our Company” in this appendix.

(ii) *Source of funds*

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles, the Listing Rules and the Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by us may be made out of our funds which would otherwise be available for dividend or distribution or out of sums standing to the credit of our share premium account or out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if so authorised by our Articles and subject to the provisions of the Companies Law, out of capital.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(iv) *Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(v) *Status of repurchased shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(vi) *Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to the knowledge of our Company until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vii) *Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not 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, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(viii) *Core connected persons*

A listed 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 the company or any of its subsidiaries or their associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to have general authority from our Shareholders 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 per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

(c) *Funding of repurchases*

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands from time to time in force.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position 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 it would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

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 Listing Rules, our Articles of Association and the applicable laws and regulations of the Cayman Islands from time to time in force.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No core connected person has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANISATION

In order to streamline the corporate structure and rationalise our corporate structure for the Listing, our Group underwent the Reorganisation. Please refer to the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and corporate structure" in this prospectus for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Deed of Indemnity;
- (b) the Deed of Non-competition;
- (c) the Public Offer Underwriting Agreement;
- (d) the share purchase agreement dated 31 May 2017 entered into by and among SME, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, pursuant to which SME agreed to acquire 1,350,000 shares, 90,000 shares and 60,000 shares in Sing Moh, representing its entire issued share capital, from Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, for a consideration of S\$1.00 from each of them; and
- (e) the share transfer agreement dated 14 November 2017 entered into by and among our Company, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, pursuant to which our Company agreed to acquire 90 shares, 6 shares and 4 shares in SME, representing its entire issued share capital, from Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo, respectively, in consideration of our Company issuing and allotting one new Share to HMK.







2. Intellectual property rights of our Group**(a) Domain Names**

As at the Latest Practicable Date, we have registered the following domain names:

Registrant	Domain name	Date of registration	Expiration date
Sing Moh	www.TheSolisGrp.com	24 April 2017	23 April 2018
Sing Moh	singmoh.com	9 January 2009	8 January 2018

(b) Trademarks

As at the date of this document, three applications have been made for the registration of trademarks which, in the opinion of our Directors are material to our business:

No.	Trademark	Applicant	Place of application	Class	Application number	Application date
1	 SOLIS	Sing Moh	Hong Kong	37	304171275	13 June 2017
2		Sing Moh	Hong Kong	37	304171284	13 June 2017
3	   	Sing Moh	Hong Kong	37	304252130	25 August 2017

D. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Directors' service contracts and letters of appointment**

Each of our Executive Directors has entered into a service contract with us for an initial 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, which notice shall not expire until after the fixed term.

Each of our Independent Non-Executive Directors has entered into a letter of appointment with us for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing by served by either party on the other, which notice shall not expire until after the fixed term.

The current basic annual salaries of our Directors are as follows:

Name of Director

Mr. Tay	S\$420,000
Mr. Tay Yong Meng	S\$300,000
Mr. Kenneth Teo	S\$300,000
Ms. Theng Siew Lian Lisa	S\$42,000
Mr. Law Wang Chak Waltery	HK\$240,000
Mr. Tan Sin Huat Dennis	S\$42,000

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration during the Track Record Period

For the three years ended 31 December 2014, 2015 and 2016, and the five months ended 31 May 2017, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was S\$1.0 million, S\$1.1 million, S\$1.0 million and S\$0.4 million respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2014, 2015 and 2016, and the five months ended 31 May 2017, by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2017 will be approximately S\$0.7 million.

E. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) *Interests and short positions of our Directors in our share capital and our associated corporations as of the Latest Practicable Date and following the Share Offer*

As of the Latest Practicable Date and immediately following completion of the Share Offer taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be

required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

(i) *Long positions in our Company*

Name of Director	Capacity/ Nature of interest	As of the Latest Practicable Date		Immediately after the Capitalisation Issue and the Share Offer	
		Number of Shares	Percentage of shareholding in our Company	Number of Shares	Percentage of shareholding in our Company
Mr. Tay ⁽¹⁾	Interest in a controlled corporation	2	100%	630,000,000	75%
Mr. Tay Yong Meng ⁽²⁾	Interest in a controlled corporation	2	100%	630,000,000	75%
Mr. Kenneth Teo ⁽³⁾	Interest in a controlled corporation	2	100%	630,000,000	75%

Notes:

- (1) Mr. Tay holds 90% shares in HMK and he is therefore deemed to be interested in the 630,000,000 Shares held by HMK upon Listing under the SFO.
- (2) Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 630,000,000 Shares held by HMK upon Listing under the SFO.
- (3) Mr. Kenneth Teo holds 4% shares in HMK and he is therefore deemed to be interested in the 630,000,000 Shares held by HMK upon Listing under the SFO.

(ii) *Long positions in associated corporation:*

HMK

Name of Director	Capacity/ Nature of interest	As of the Latest Practicable Date		Immediately after the Share Offer	
		Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
Mr. Tay	Beneficial owner	90	90%	90	90%
Mr. Tay Yong Meng	Beneficial owner	6	6%	6	6%
Mr. Kenneth Teo	Beneficial owner	4	4%	4	4%

(b) *Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO*

As of the Latest Practicable Date and immediately following completion of the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme, so far as our Directors are aware, the following persons (not being a Director or chief executive of our Company) are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

(i) *Interests and short positions in our Shares and underlying Shares of our Company*

Name	Capacity/ Nature of interest	As of the Latest Practicable Date		Immediately after Capitalisation Issue and the Share Offer	
		Number of Shares	Percentage of shareholding in our Company	Number of Shares	Percentage of shareholding in our Company
HMK ⁽¹⁾	Beneficial owner	2	100%	630,000,000	75%
Mr. Tay ⁽¹⁾	Interest in a controlled corporation	2	100%	630,000,000	75%
Mrs. Tay ⁽¹⁾⁽²⁾	Deemed interest by virtue of interest held by spouse	2	100%	630,000,000	75%

Notes:

- (1) HMK, which is owned as to 90% by Mr. Tay, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo, is the beneficial owner of two Shares immediately prior to the Capitalisation Issue and the Share Offer. By virtue of the SFO, Mr. Tay and Mrs. Tay (the spouse of Mr. Tay) are deemed to be interested in all of the Shares held by HMK.
- (2) Mrs. Tay, the spouse of Mr. Tay, is deemed under the SFO to be interested in the interests held by Mr. Tay.

2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Share Offer (without taking into account Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), have an interest or a short

position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group;

- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “9. Qualifications of experts” under the section headed “G. Other information” 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 date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “9. Qualifications of experts” under the section headed “G. Other information” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “9. Qualifications of experts” under the section headed “G. Other information” in this appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of our sole Shareholder passed on 14 November 2017 and adopted by a resolution of the Board on 14 November 2017 (the “**Adoption Date**”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options (“**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“**Employee**”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the “**Eligible Persons**”).

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 84,000,000 Shares) (the “**Scheme Mandate Limit**”) provided that:

- (a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;
- (b) our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company should issue a circular to our Shareholders containing the details and information required under the Listing Rules; and
- (c) the maximum 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 schemes of our Group shall not exceed 30% of our Company’s issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

4. Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company’s issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible 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 shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is

a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

5. Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting Options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the Independent Non-Executive Directors of our Company (excluding the Independent Non-Executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an Independent Non-Executive Director of our Company, or any of their respective associates, would result in the securities 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:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5.0 million,

such further grant of Options must be approved by our Shareholders (voting by way of a poll). Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an Independent Non-Executive Director of our Company, or any of their respective associates. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

7. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

8. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

9. Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of

HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the “**Acceptance Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

10. Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

11. Exercise of Option

- (a) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his or her legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his or her legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.

- (b) The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.
- (c) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.
- (d) Subject as hereinafter provided and subject to the terms and conditions upon which the Option was granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:
 - (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement pursuant to the terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as the Board may determine;
 - (ii) in the event that the grantee ceases to be an Executive for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to an affiliate company or the termination of his or her employment with the relevant member of our Group by resignation or culpable termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
 - (iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
 - (iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options

unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:

- (1) the Option period;
 - (2) the period of two months from the date of such notice; or
 - (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her Option.
- (v) 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 or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

12. Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

13. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of the Option;

- (c) subject to the terms of the period mentioned in the paragraph headed “11. Exercise of Option” in this section, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in this Share Option Scheme with respect to the exercise of the Option;
- (f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

14. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, right issue, consolidations, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate, the auditors or the independent financial adviser appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall give the Eligible Persons the same proportion of equity capital as they were previously entitled to. In respect of any such adjustments, the auditors shall confirm to the Board in writing that the adjustments satisfy this requirement;
- (b) any such adjustments shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as practicable same as (but shall not be greater than) it was before such event;

- (c) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (d) any such adjustments shall be made to in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and
- (e) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

15. Cancellation of Options not exercised

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of Option or any terms or conditions attached to the grant of the Option;
- (b) the grantee makes a written request to the Board for the Option to be cancelled; or
- (c) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue commencing from (i) the allotment date or, (ii) if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members. Accordingly, it will entitle the holders to participate in all dividends or other distributions paid or made on or after (i) the allotment date or, (ii) if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

Share issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

17. Termination

Our Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

18. Transferability

The 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 (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such grantee.

19. Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the our Shareholders in general meeting:

- (a) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);
- (b) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantee;
- (c) any change to the authority of the Board or any person or committee delegated by the Board pursuant to the Share Option Scheme to administer the day-to-day running of the Scheme; and
- (d) any alteration to the aforesaid alternation provisions.

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules.

20. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- (a) the approval of our Shareholders for the adoption of the Share Option Scheme;
- (b) the approval of the Stock Exchange for the listing of and permission to deal in, a maximum of 84,000,000 Shares to be allotted and issued pursuant to the exercise of the Share Option Scheme in accordance with the terms and conditions of the Share Option Scheme;
- (c) the commencement of dealing in our Shares on the Stock Exchange; and
- (d) the obligations of the Joint Lead Managers (for themselves and on behalf of the Underwriters) under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms thereof or otherwise.

If the permission referred to in paragraph (b) above is not granted within two calendar months after the Adoption Date:

- (i) the Share Option Scheme will forthwith terminate;
- (ii) any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect;
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any Option; and
- (iv) the Board may further discuss and devise another share option scheme that is applicable to a private company for adoption by our Company.

Application has been made to the Stock Exchange for the listing of 84,000,000 Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

G. OTHER INFORMATION

1. Deed of Indemnity

HMK, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo have entered into the Deed of Indemnity with and in favour of our Company for itself and as trustee for its subsidiaries, to provide indemnities in respect of, among other things:

- (a) certain estate duty which might be payable by any companies in our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of Laws of Hong Kong); and

- (b) any liability of any or all of the members of our Group to any form of taxation and duty whenever created or imposed, whether of Singapore, Hong Kong or of any other part of the world, and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Singapore, Hong Kong or of any other part of the world falling on any of the 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 on transaction on or before 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 or company.

The Deed of Indemnity does not cover any claim and our Controlling Shareholders shall be under no liability under this Deed of Indemnity in respect of above:

- (a) to the extent that provision or allowance has been made for such taxation in the combined financial statements of our Group as set out in the Accountants' Report set out in Appendix I to this prospectus or in the audited accounts of the relevant members of our Group for the three years ended 31 December 2014, 2015 and 2016, and the five months ended 31 May 2017 (the "**Accounts**"); or
- (b) for which any company of our Group is liable as a result of any event occurring or income and profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 May 2017 up to and including the Listing Date or consisting of any company of our Group ceasing, or being deemed to cease, to be a company in our Group for the purposes of any matter of the taxation; or
- (c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice by the Inland Revenue Authority of Singapore, the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Listing Date with retrospective effect; or
- (d) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the liability of our Controlling Shareholders (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

Under the Deed of Indemnity, our Controlling Shareholders have also undertaken to indemnify, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages, penalties, fines or other liabilities which any member of our Group may incur or suffer arising from the non-compliances as disclosed in the paragraph headed “Non-compliance” under the section headed “Business” in this prospectus.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

3. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$97,734 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Sponsor

The Sponsor made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, any Shares that may be issued upon the exercise of options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sponsor confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Sponsor, pursuant to which our Company agreed to pay the Sponsor a fee of HK\$5.0 million to act as sponsor to our Company in the Share Offer.

6. No material adverse change

Our Directors confirm that there has been no material adverse change in our Company’s financial or trading position or prospects since 31 May 2017 (being the date to which our latest audited combined financial statements were made up) and up to the date of this prospectus.

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

- (1) Save as disclosed in this prospectus:
 - (a) within the two years immediately preceding the date of this prospectus, 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;
 - (b) 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;
 - (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
 - (d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
 - (e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
 - (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
 - (g) we have no outstanding convertible debt securities.
- (2) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.

9. 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
Altus Capital Limited	A corporation licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Morgan Lewis Stamford LLC	Legal advisers as to Singapore laws to our Company
Conyers Dill & Pearman	Legal advisers as to Cayman Islands laws to our Company
Frost & Sullivan International Limited	Independent industry consultant
Cushman & Wakefield VHS Pte. Ltd.	Independent property valuer
Baker Tilly Consultancy (Singapore) Pte Ltd	Independent internal control consultant

10. Consents of experts

Each of the experts named in paragraph 9 of Part G of this appendix has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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 (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) the written consents referred to in the paragraph headed “10. Consents of experts” under the section headed “G. Other information” in Appendix V to this prospectus; and (iii) copies of the material contracts referred to in the paragraph headed “1. Summary of material contracts” under the section headed “C. Further information about our business” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Luk & Partners in Association with Morgan, Lewis & Bockius at Unit 2001, Level 20, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours from 9 a.m. to 5 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of Association of our Company;
- (b) the Accountants’ Report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of SME International Holdings Limited and its subsidiary for each of the three years ended 31 December 2014, 2015 and 2016 and the five months ended 31 May 2017;
- (d) the report issued by Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the Frost & Sullivan Report prepared by Frost & Sullivan;
- (f) the letter, summary of valuations and valuation certificates relating to certain property interests of our Group prepared by Cushman & Wakefield, the text of which is set out in Appendix III to this prospectus;
- (g) the internal control report prepared by Baker Tilly;
- (h) the Singapore legal opinion issued by Morgan Lewis Stamford LLC, our legal advisers as to Singapore laws;
- (i) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Companies Law referred to in Appendix IV to this prospectus;
- (j) the Cayman Islands Company Law;

- (k) the service contracts and letters of appointment of our Directors referred to in the paragraph headed “1. Directors’ service contracts and letters of appointment” under the section headed “D. Further information about our Directors” in Appendix V to this prospectus;
- (l) the material contracts referred to in the paragraph headed “1. Summary of material contracts” under the section headed “C. Further information about our business” in Appendix V to this prospectus;
- (m) the written consents referred to in the paragraph headed “10. Consents of experts” under the section headed “G. Other information” in Appendix V to this prospectus; and
- (n) the rules of the Share Option Scheme.

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