HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1742

GLOBAL OFFERING

Sole Sponsor

交銀國際
BOCOM International

Sole Bookrunner

雅利多證券
ARISTO SECURITIES LIMITED

Joint Lead Managers

雅利多證券
ARISTO SECURITIES LIMITED

Pacific Foundation

IMPORTANT

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

HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**400,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**40,000,000 Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**360,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$0.48 per Offer Share and expected to be no less than HK$0.40 per Offer Share, plus brokerage of 1.0000%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.0050% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**1742**

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

A copy of this prospectus, together with the documents specified the "Documents Delivered to the Registrar of Companies and Available for Inspection" section in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 3 May 2018 and, in any event, no later than Friday, 4 May 2018. The Offer Price will be not more than HK$0.48 and is currently expected to be not less than HK$0.40 unless otherwise announced. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum indicative Offer Price of HK$0.48 for each Offer Share together with brokerage of 1.0000%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.0050%.

The Sole Bookrunner, for itself and on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for the lodging of applications under the Hong Kong Public Offering. In such a case, announcements of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on the website of The Stock Exchange of Hong Kong Limited at **www.hkex.com.hk** and our website at **www.hpc.sg** no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

If, for any reason, the Offer Price is not agreed between the Sole Bookrunner (for itself and on behalf of the Underwriters) and us on or before Friday, 4 May 2018, the Global Offering will not become unconditional and will lapse immediately.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account of benefit of US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares are being offered and sold only outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

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

27 April 2018

EXPECTED TIMETABLE[1]

Our Company will publish an announcement on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.hpc.sg** if there is any change in the following expected timetable of the Hong Kong Public Offering.

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Thursday, 3 May 2018
Application lists open[3]	11:45 a.m. on Thursday, 3 May 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving electronic application instructions to HKSCC[4]	12:00 noon on Thursday, 3 May 2018
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 Thursday, 3 May 2018
Application lists close[2]	12:00 noon on Thursday, 3 May 2018
Expected Price Determination Date[5]	Thursday, 3 May 2018
Announcement of the Offer Price, the indication of the level of interests in the International Placing, the level of application in respect of the Hong Kong Public Offering, the basis of allotment of the Hong Kong Offer Shares (with successful applicants' identification document numbers where applicable) to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hpc.sg** and on or before	Thursday, 10 May 2018
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document number, where applicable) available through a variety of channels as described in the paragraph headed "How to Apply for the Hong Kong Offer Shares" in this prospectus including the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.hpc.sg** from	Thursday, 10 May 2018
Results of allocations in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function	Thursday, 10 May 2018
Despatch of Share certificates in respect of wholly or partially successful applications on or before[6]	Thursday, 10 May 2018

Despatch of e-Auto Refund payment instructions/refund cheques in respect of wholly (if applicable) or partially unsuccessful applications on or before[7] .... Thursday, 10 May 2018

Dealings in the Shares on the Main Board expected to commence at 9:00 a.m. on .... Friday, 11 May 2018

Notes:

1. All times refer to Hong Kong local time except where otherwise stated.

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

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

5. The Price Determination Date, being the date on which the Offer Price is fixed, is expected to be on or around Thursday, 3 May 2018 and, in any event, no later than Friday, 4 May 2018. If for any reason, the Offer Price is not agreed by Friday, 4 May 2018, the Global Offering (including the Hong Kong Public Offering) will not become unconditional and will lapse immediately.

6. Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, 10 May 2018 but will only become valid certificates of title if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in paragraph headed "Underwriting — Grounds for termination" of this prospectus has not been exercised and has lapsed. Investors who trade the Hong Kong Offer 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.

7. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications in the event that the Offer Price is less than the price per Hong Kong Offer Share payable on application. If you have applied for 1,000,000 Hong Kong Offer Shares or more you may collect your refund cheque (where relevant) and your share certificate(s) (where relevant) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018 or any other day that we publish in the newspapers as the date of despatch of share certificates/e-Auto Refund payment instructions/refund cheques. If you are an individual applicant and you are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant and you are eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar. Uncollected share certificates and refund cheques will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant application. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your Share certificates (if applying by using a **WHITE**

Application Form) and/or refund cheques will be sent to the address on the application on Thursday, 10 May 2018, by ordinary post and at your own risk. For further information, you should refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

For details of the structure of the Global Offering, including its conditions, and the procedures for applying for the Hong Kong Offer Shares, you should read the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

CONTENTS

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

CONTENTS

This summary is intended to give you an overview of the information contained in this prospectus. As it is 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 this section carefully before you decide to invest in the Offer Shares.

Overview of our business

Established in 2004, we provide general building and civil engineering works in the Singapore construction industry. Based on the Euromonitor Report, we are ranked the 15th service provider for general building works in Singapore by revenue receipts in 2017[(1)] and we are ranked first in warehouse construction works in Singapore by revenue receipts in 2017[(2)]. Warehouse construction works are classified under industrial building works, one of the main sub-categories of general building works.

During the Track Record Period and up to the Latest Practicable Date, our Group completed 15[(3)] projects as a main contractor, all of which were general building projects. Approximately 95.4%, 92.4% and 94.6% of our total construction contract revenue was derived from construction works as a main contractor for the years ended 31 October 2015, 2016 and 2017, respectively. During the Track Record Period and up to the Latest Practicable Date, our Group had also completed 11[(4)] projects as a subcontractor, of which seven are general building projects and four are civil engineering projects. Approximately 4.6%, 7.6% and 5.4% of our total construction contract revenue was derived from construction works as a subcontractor for the years ended 31 October 2015, 2016 and 2017, respectively.

Our revenue for the years ended 31 October 2015, 2016 and 2017 was approximately S$214.2 million, S$191.3 million and S$201.1 million, respectively. For the years ended 31 October 2015, 2016 and 2017, we achieved net profit after taxation of approximately S$17.5 million, S$25.0 million and S$27.3 million, respectively.

Our principal business activities

We provide construction works as both a main contractor and subcontractor to both the public and private sectors in Singapore, and we have been involved in industrial, logistics and warehouse, infrastructure, residential and commercial construction projects in Singapore. Our Group's main contractor works primarily relate to design and build projects for commercial and industrial buildings such as logistics and warehouses facilities, factories, offices, workshops and carparks and nursing homes. Our Group also provides subcontractor works such as the upgrading of HDB flats and construction of MRT stations, schools, factories and highways.

Notes:

(1) Based on the Euromonitor Report, our market share for general building works in Singapore by revenue receipts in 2017 is approximately 0.6%.

(2) Based on the Euromonitor Report, our market share for warehouse construction works in Singapore by revenue receipts in 2017 is approximately 15.2%.

(3) Including two projects of DHC Construction that were completed in December 2016, but were awarded before DHC Construction was acquired by our Group.

(4) Including one project of DHC Construction that was completed in January 2017, but was awarded before DHC Construction was acquired by our Group.

The diagram below illustrates the key stages of our Group's construction works:

Tender Process	• Solicitation of tender • Tender preparation and submission • Award of contract
Construction Process	• Mobilisation of project personnel • Formulation of project master program • Engagement of subcontractors and suppliers • Construction process management and billings
Completion and Inspection	• Site Inspection and quality assurance • Project completion and handover of project • Defects liability period

During the Track Record Period, all of our Group's construction projects were obtained through tendering, with all private sector projects arising from invited tenders and all public sector projects arising from open tenders. Our success rates from invited main contractor works tenders were approximately 15.8%, 11.8% and 33.3% and from open main contractor works tenders were approximately 0.0%, 33.3% and 0.0% for the years ended 31 October 2015, 2016 and 2017, respectively. Our Executive Directors are of the view that the slight decrease in number of invited tenders in the year ended 31 October 2016 was mainly attributable to the slowing down of the Singapore economy. However, our invited tender success rate experienced a rebound in the year ended 31 October 2017, despite subdued private sector demand arising from the slowdown in Singapore's property market and economic uncertainties in 2017. Based on the Euromonitor Report and estimate by BCA, construction demand in Singapore is estimated to expand from 2018 onwards largely due to increasing public sector demand. Given our efforts to capture the growth of the public sector, we were awarded three open tenders in the year ended 31 October 2016. However, due to the fierce competition for projects, we experienced a drop in open tender success rate in 2017. For further details, please refer to the paragraph headed "Business — Business Process and Operations" of this prospectus.

Our competitive strengths

— We are one of the leading construction companies in the construction industry in Singapore, specialising in the construction of industrial and commercial buildings, including warehouses, in both private and public sectors, with an established and proven track record.

— Our Group is well positioned to benefit from the projected expansion of the logistics industry in Singapore with an increasing need for warehouse construction.

— We offer one-stop solutions to our customers due to the extensive construction capabilities of our dedicated team.

— Our in-house design team, labour force and performance based system distinguish us from our competitors by allowing us to maintain a high standard of quality and reliability in executing our projects.

— We have an experienced and committed management team, and each of our Executive Directors has over 25 years of experience in the construction industry.

Please refer to the paragraph headed "Business — Competitive strengths" of this prospectus for further details.

Business Strategies

— To reinforce our market leading position in warehouse construction projects by delivering first class projects to our customers

— To take on more projects in the public sector, including commercial and industrial projects

— To expand our capacity by acquiring more equipment and facilities and increase our productivity and competitiveness through an enhanced focus on talent recruitment and training and an expansion of our labour force

— To continue to emphasise and maintain high standards of project planning, management and implementation

Please refer to the paragraph headed "Business — Business objectives and strategies" of this prospectus for further details.

Our Strategic Acquisition

On 27 October 2016, our Group acquired 100% of the share capital of DHC Construction for S$8,000,000, as part of the Corporate Reorganisation. DHC Construction was incorporated in Singapore on 18 January 2013 as a private limited company by Mr. Shi, our Chief Operations Officer, Executive Director and a Controlling Shareholder of our Company. Please refer to the paragraph headed "Business — Our Strategic Acquisition" of this prospectus for further details.

Main qualifications and licences

Our Group's GB1 licence enables us to undertake contracts for general building works and civil engineering works in the private sector of unlimited contract value. Our Group's registration by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade enable us to undertake contracts for general building works in the public sector of unlimited contract value. For details, please refer to the paragraph headed "Business — Main Qualifications, Licences and Certifications" of this prospectus.

Customers

Our customers comprise mainly logistics and supply chain operators, main contractors of building projects and government agencies in Singapore. All our contracts are largely on a project-by-project basis and are typically non-recurring. For the years ended 31 October 2015, 2016 and 2017, revenue from our five largest customers accounted for approximately 86.2%, 92.1% and 75.6% of our revenue, respectively. Revenue from our largest customer for the same periods accounted for approximately 42.3%, 40.6% and 24.3% of our revenue, respectively. Please refer to the paragraph headed "Business — Customers" of this prospectus for details.

Subcontractors

We typically engage subcontractors for more specialised services which we may not provide in-house, such as M&E works, air conditioning and mechanical ventilation works, and steel works. For the years ended 31 October 2015, 2016 and 2017, the total subcontracting costs of our five largest subcontractors accounted for approximately 43.2%, 48.8% and 16.3% of our total cost of sales, respectively. For the years ended 31 October 2015, 2016 and 2017, our largest subcontracting costs payable to a single subcontractor accounted for approximately 23.3%, 27.3% and 6.1% of our total cost of sales, respectively. Please refer to the paragraph headed "Business — Subcontractors" of this prospectus for details.

Suppliers

Our purchases are mainly from suppliers in Singapore and are mainly steel products and ready-mix concrete. We maintain an approved vendor list for suppliers who have passed our assessment criteria. Purchases from our top five suppliers collectively accounted for less than 30% of our total cost of sales during the Track Record Period. Please refer to the paragraph headed "Business — Suppliers and raw materials" of this prospectus for details.

Information on the Controlling Shareholders

Immediately upon completion of the Capitalisation Issue and the Global Offering without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option, Mr. Wang and Mr. Shi, through Tower Point and Creative Value, will be interested in 41.25% and 33.75% of the total issued share capital of our Company, respectively, and will be regarded as our Controlling Shareholders.

Summary of Historical Financial Information

Below is selected financial and operating data, and which whould be read together with, our consolidated financial information included in the Accountant's Report set out in Appendix I to this prospectus and the section headed "Financial Information" in this prospectus.

Highlights of Consolidated Statements of Comprehensive Income

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Revenue	214,160	191,327	201,075
Cost of sales	(188,108)	(159,565)	(161,277)
Gross profit	26,052	31,762	39,798
Operating profit	20,594	29,209	33,508
Profit before income tax	20,749	29,702	33,721
Profit and total comprehensive income attributable to owners of the Company	17,520	24,979	27,324

Revenue

The following table sets forth the construction contract revenue of our Group during the Track Record Period, classified according to the role of our Group, the project sector, the business segment and the project type:

	Construction contract revenue					
	Year ended 31 October					
Classification	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
Main contractor	203,832	95.4	176,708	92.4	190,209	94.6
Subcontractor	9,869	4.6	14,619	7.6	10,866	5.4
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**
Public sector	38,419	18.0	20,360	10.6	55,896	27.8
Private sector	175,282	82.0	170,967	89.4	145,179	72.2
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**

Classification	Construction contract revenue					
	Year ended 31 October					
	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
General building works	208,490	97.6	186,636	97.5	193,841	96.4
Civil engineering works..............	5,211	2.4	4,691	2.5	7,234	3.6
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**
Warehouse.....	155,575	72.8	151,400	79.1	162,446	80.8
Commercial.....	19,692	9.2	21,484	11.2	14,038	7.0
Public infrastructure...................	5,226	2.5	4,691	2.5	7,234	3.6
Others.....	33,208	15.5	13,752	7.2	17,357	8.6
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**

Our construction contract revenue decreased slightly by approximately S$22.4 million or 10.5%, for the year ended 31 October 2015 to the year ended 31 October 2016, mainly due to the decrease in revenue recognised from general building works where our Group acted as main contractor. Among the three financial years in the Track Record Period, the largest amount of revenue was in the year ended 31 October 2015, mainly because our Group secured a number of major general building contracts in the year ended 31 October 2014, and so substantial revenue was recognised in the following financial year. Our construction contract revenue increased by approximately S$9.8 million or 5.1%, from the year ended 31 October 2016 to the year ended 31 October 2017, mainly due to the increase in revenue recognised from general building works where our Group acted as main contractor.

Cost of sales

Our cost of sales was approximately S$188.1 million, S$159.6 million and S$161.3 million for the years ended 31 October 2015, 2016 and 2017, respectively. Subcontracting costs was the largest component of our cost of sales and comprised 77.7%, 77.3% and 59.0% of our cost of sales for the years ended 31 October 2015, 2016 and 2017, respectively.

Gross profit and gross profit margin

Our gross profit was approximately S$26.1 million, S$31.8 million and S$39.8 million for the years ended 31 October 2015, 2016 and 2017, respectively. Our gross profit margin was approximately 12.2%, 16.6% and 19.8% for the years ended 31 October 2015, 2016 and 2017, respectively.

The following table sets forth our Group's construction contract gross profit and gross profit margin by business segment, role of our Group, project sector and project type during the Track Record Period:

	Year ended 31 October					
	2015		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	%	S$'000	%	S$'000	%
By business segment						
General building works	25,081	12.0	31,514	16.9	37,300	19.2
Civil engineering works	904	17.3	248	5.3	2,498	34.5
Total	25,985	12.2	31,762	16.6	39,798	19.8
By role of our Group						
Main contractor	24,885	12.2	31,374	17.8	34,424	18.1
Subcontractor	1,100	11.1	388	2.7	5,374	49.5
Total	25,985	12.2	31,762	16.6	39,798	19.8
By project sector						
Public sector	3,733	9.7	951	4.7	8,210	14.7
Private sector	22,252	12.7	30,811	18.0	31,588	21.8
Total	25,985	12.2	31,762	16.6	39,798	19.8
By project type						
Warehouse	19,107	12.3	27,611	18.2	28,638	17.6
Commercial	3,140	15.9	3,405	15.8	5,172	36.8
Public infrastructure	908	17.4	248	5.3	2,498	34.5
Others	2,830	8.5	498	3.6	3,490	20.1
Total	25,985	12.2	31,762	16.6	39,798	19.8

Our gross profit margin for the year ended 31 October 2016 is higher than our gross profit margin for the year ended 31 October 2015 mainly because of the higher gross profit margin of one major private sector general building works project where we acted as the main contractor in the same period. Our Group achieved a higher gross profit margin in that project mainly due to significant cost savings from early completion. For the year ended 31 October 2017, there has been a general increase in our gross profit margin, mainly due to (i) the gross profit margin contributed by DHC Construction, which is generally higher than that of HPC Builders; and/or (ii) the higher gross profit margin for the year ended 31 October 2017 contributed by different projects in that period.

Our gross profit margins for civil engineering works, subcontractor works and public sector works for the year ended 31 October 2016 show a decreasing trend. As our Group sought to focus its resources on main contractor works since the incorporation of DHC Construction, HPC Builders subcontracted projects where it acted as subcontractor to DHC Construction. For the projects that HPC Builders completely subcontracted to DHC Construction, HPC Builders retained only a small profit margin. As the revenue contributed by these projects as a proportion of the total revenue from subcontracting works increased during the year ended 31 October 2016, the gross profit margin of subcontractor works decreased for the year ended 31 October 2016. The gross profit margins of civil engineering works and public sector works decreased for the same reason as our Group acted as subcontractor in most of the civil engineering works and many are public sector works.

Highlights of Consolidated Balance Sheets

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Non-current assets	13,863	20,727	19,665
Current assets	151,534	105,417	104,101
Total equity	50,409	55,139	62,463
Non-current liabilities	6,163	2,958	3,376
Current liabilities	108,825	68,047	57,927
Net current assets	42,709	37,370	46,174

Highlights of Consolidated Statements of Cash Flow

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Net cash generated from operating activities	41,405	9,322	6,837
Net cash generated from/(used in) investing activities	892	(7,695)	(344)
Net cash used in financing activities	(10,670)	(24,073)	(19,956)
Net increase/(decrease) in cash and cash equivalents	31,627	(22,446)	(13,463)
Cash and cash equivalents at beginning of the financial year	32,074	63,701	41,255
Cash and cash equivalents at end of the financial year	63,701	41,255	27,792

Key Financial Ratios

The following table sets forth our key financial ratios as at the dates indicated:

	As at/For the year ended 31 October		
	2015	2016	2017
Current ratio (times)[(1)]	1.4	1.5	1.8
Gearing ratio (%)[(2)]	0.4	0.2	0.2
Gross profit margin (%)[(3)]	12.2	16.6	19.8
Net profit margin (%)[(4)]	8.2	13.1	13.6
Return on equity (%)[(5)]	34.8	45.3	43.7
Return on total assets (%)[(6)]	10.6	19.8	22.1

Notes:

(1) Current assets divided by current liabilities as at the respective year end.

(2) Gearing ratio is calculated by dividing total borrowings by total equity as at the respective year end.

(3) Gross profit margin is calculated by dividing gross profit for the year by the revenue.

(4) Net profit margin is calculated by dividing net profit for the year by the revenue.

(5) Profit for the year divided by total equity as at respective year end.
(6) Profit for the year divided by total assets as at respective year end.

Please refer to the paragraph headed "Financial Information — Key Financial Ratios" of this prospectus for further information on these ratios.

Recent Development

We have continued to focus on strengthening our market position for our construction business in Singapore, in particular in relation to warehouse construction. As far as we are aware, our industry remained relatively stable after the Track Record Period and up to the Latest Practicable Date. There was no material adverse change in the general economic and market conditions in Singapore or our industry that affected or would affect our business operations or financial condition materially and adversely. From 31 October 2017 up to the Latest Practicable Date, save as disclosed in the paragraph headed "Estimated Listing Expenses" of this section, we did not experience any significant drop in revenue or increase in cost of sales or other costs. As at 31 October 2017, our Group has 13 ongoing construction projects, 12 of which belong to HPC Builders and one of which belongs to DHC Construction. The outstanding contract sum arising from these 13 ongoing construction contracts are approximately S$266.9 million (HPC Builders: S$247.4 million; DHC Construction: S$19.5 million) as at 31 October 2017, in relation to which approximately S$208.6 million, S$45.7 million and S$12.6 million of revenue arising from these projects is expected to be recognised for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively. Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has been awarded with three new projects with contract sums of S$15.0 million, S$83.8 million and S$35.2 million, respectively, all of which are main contractor projects for private general building works.

Our Group's gross profit margin for the year ending 31 October 2018 may decrease compared with that for the year ended 31 October 2017 due to (i) the lower forecasted gross profit margins for certain potential contracts; and (ii) potential change in market conditions such as intensified competition for construction contracts due to a slowdown of Singapore's economy.

Save for the above, our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 31 October 2017 up to the date of this prospectus.

Dividends

HPC Builders declared dividends of approximately S$10.5 million and S$24.0 million for the years ended 31 October 2015 and 2016, respectively, and for the year ended 31 October 2017 and subsequent to the Track Record Period, our Company declared dividends of approximately S$20.0 million and approximately S$23.9 million, respectively. All these dividends had been fully settled as at the Latest Practicable Date, which were paid using internal resources of our Group. 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 restriction (if any) and other factors which our Directors deem relevant. We do not have any predetermined dividend payout ratio. Please refer to the paragraph headed "Financial Information — Dividends" in this prospectus.

Background information and reasons for listing in Hong Kong

Our Group has been contemplating the diversification, growth and expansion of our business and accordingly, a listing has been considered. We had explored several platforms and concluded that the Stock Exchange is a suitable platform given Hong Kong's level of internationalism, sound legal system and regulatory framework, matured financial system, reputation in the global financial market, established international institutional investor base as well as the volume and liquidity of funds and capital available for investment in the equity market. In particular, as compared to other international financial centres in Southeast Asia, the total IPO fundraising size and trading volume of the equity market are larger in Hong Kong. Hong Kong was the top exchange for IPO fundraising in the world in terms of fundraising size in 2015 and 2016. For further details and analysis of why the Group chose Hong Kong as a suitable listing venue, please refer to the paragraph headed "Future Plans and Use of Proceeds — Background information and reasons for listing in Hong Kong" of this prospectus.

Estimated Listing Expenses

Our estimated expenses in relation to the Global Offering, including underwriting commissions, are approximately S$9.3 million, of which approximately S$3.5 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering. The remaining estimated listing expenses of approximately S$5.8 million was or will be charged to profit or loss, which may affect our Group's financial performance for the year ending 31 October 2018. For further details on the estimated listing expenses and the relevant bases and assumptions, please refer to the paragraph headed "Financial Information — Estimated listing expenses" of this prospectus.

Offering Statistics

	Based on the minimum indicative Offer Price of HK$0.40 per Share	Based on the maximum indicative Offer Price of HK$0.48 per Share
Market capitalisation(1)	HK$640 million	HK$768 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$0.307	HK$0.326

Notes:

(1) The calculation of market capitalisation is based on 1,600,000,000 Shares expected to be in issue upon completion of the Global Offering assuming that the Over-allotment Option is not exercised and without taking into account Shares that may be allotted or issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

(3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or transactions entered into by our Group subsequent to 31 October 2017. In particular, the unaudited pro forma adjusted net tangible assets per Share has not taken into account the dividend declared and paid after the Track Record Period.

(4) The unaudited pro forma adjusted net tangible assets does not take into account the interim dividends of approximately S$23.9 million declared in April 2018. Had such dividend been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be approximately S$0.037 (equivalent to HK$0.218), assuming an Offer Price of HK$0.40 per Share, and approximately S$0.040 (equivalent to HK$0.237), assuming an Offer Price of HK$0.48 per Share.

Future Plans and Use of Proceeds

We estimate that aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses payable by us and assuming that the Over-allotment Option is not exercised), assuming an Offer Price of HK$0.44 per Share, being the mid-point of the proposed Offer Price range, will be approximately HK$120.5 million. We currently intend to apply these net proceeds as follows:

Amount of the estimated net proceeds	Intended use of net proceeds
Approximately 65.0% or HK$78.3 million	Initial capital deployment for main contractor business
Approximately 20.0% or HK$24.1 million	Purchase of facilities and equipment
Approximately 5.0% or HK$6.0 million	Talent recruitment and training, and expansion of our labour force
Approximately 10.0% or HK$12.1 million	Working capital requirements and other general corporate purposes

For further details, please refer to the paragraph headed "Business — Our Strategies" and the section headed "Future Plans and Use of Proceeds" in this prospectus.

Risk Factors

There are certain risks involved in our operations and in connection with the Global Offering, as further described in the section headed "Risk Factors" in this prospectus. Some major risks include the following:

- Our revenue is mainly derived from construction projects which are typically non-recurring in nature.
- We could be negatively affected by works done by our subcontractors.
- We may be subject to disputes with, and claims from our customers, subcontractors, suppliers, or other third parties.
- We determine tender price based on the estimated construction time and costs involved in a project which may deviate from the actual time and costs involved due to cost overruns and/or other related construction risks.
- We are dependent on foreign workers and may be adversely affected by any shortage in the supply of foreign workers or increase in levy for foreign workers, or any restriction on the number of foreign workers that we can employ for a project.

Fatal Accidents

During the Track Record Period, save for two fatal accidents related to two employees of our Group, our Group was not involved in other material accident causing death or serious injury in the course of our business. As at the Latest Practicable Date, the proceedings for both fatal accidents have concluded and our Group was fined S$180,000 and S$120,000 respectively; such fines are now settled. Each of the fatal accidents also resulted in a compensation amount of S$170,000 payable to the respective deceased's family, such amounts being fully covered by insurance. For further details, please refer to the paragraph headed "Business — Workplace Safety and Health Policy — Fatal Accidents" of this prospectus.

Regulatory Compliance

Our operations and business are subject to a number of Singapore legal and regulatory requirements. During the Track Record Period and up to the Latest Practicable Date, certain systemic non-compliances with applicable Singapore legal and regulatory requirements had occurred, including: 69 breaches of workplace safety regulations; four breaches related to noise control; nine breaches related to mosquito breeding; four breaches related to water pollution control; two breaches related to foreign workers' accommodation and one breach related to public infrastructure. All such incidents were relatively minor and have been rectified and additional measures have been adopted to prevent recurrence. In addition, HPC Builders was placed in the surveillance phase of the BUS Programme between 21 April 2015 and 26 January 2017. One of our Group's key values is our focus on workplace safety and health compliance culture. Our Group has continuously strived to improve and maintain a robust workplace safety and health system, and has in 2017 obtained the bizSAFE Star certification (issued by the Workplace Safety and Health Council of Singapore) for both HPC Builders and DHC Construction. The bizSAFE Star certification is the highest of five levels of certification and is awarded to organisations which deliver excellence in their workplace safety and health management system. For further details, please refer to the paragraphs headed "Business — Workplace Safety and Health Policy", "Business — Regulatory Compliance" and "Business — Main Qualifications, Licences and Certifications" of this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"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, relating to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 19 April 2018 and effective upon the Listing and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Company
"BCA"	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore
"BCISPA"	the Building and Construction Industry Security of Payment Act (Chapter 30B of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"BHD Construction"	BHD Construction Pte. Ltd., a private limited company incorporated in Singapore on 5 December 2011 and a connected person up to 12 December 2016
"bizSAFE"	a five-step programme that assists companies to 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

"BLS"	the Builders Licensing Scheme of BCA, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency
"Board" or "Board of Directors"	the board of Directors
"BOCOM International Asia", or "Sole Sponsor"	BOCOM International (Asia) Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
"Building Construction Supervisors Safety Course"	building construction supervisors safety course that is accredited by the MOM
"Building Control Act"	the Building Control Act (Chapter 29 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"business day"	any day (excluding a Saturday, a Sunday or a public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
"BUS Programme"	the Business Under Surveillance programme instituted by the MOM to help companies improve their workplace safety and health performance
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate, a measurement to assess the growth rate of value over time
"Capitalisation Issue"	the issue of 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 "Further Information about our Company — 3. Written Resolutions of all the Shareholders of our Company passed on 19 April 2018" in Appendix V to this prospectus
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant and a CCASS Investor Participant, or where the context so requires, any of them
"Chairman"	the chairman of our Board, being Mr. Wang, as at the date of this prospectus
"chief executive"	the chief executive (as defined in the SFO) of our Company
"close associate"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) which came into effect on 3 March 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "our Company"	HPC Holdings Limited, a company incorporated in the Cayman Islands on 13 October 2016 as an exempt company with limited liability
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Construction Safety Course For Project Managers"	construction safety course for project managers that is accredited by the MOM
"Construction Safety Orientation Course"	construction safety orientation course accredited by MOM and required to be attended by all construction workers in Singapore prior to commencement of work onsite

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of our Company and for the purposes of this prospectus and as the context may require, refers to Mr. Wang, Mr. Shi, Tower Point and Creative Value who are entitled to control the exercise of more than 30% of the voting rights in the issued share capital of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)
"Control of Vectors and Pesticides Act"	Control of Vectors and Pesticides Act (Chapter 59 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"core connected person"	has the meaning ascribed to it under the Listing Rules
"Corporate Reorganisation"	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the paragraph headed "History, Reorganisation and Corporate Structure — Corporate Reorganisation" in this prospectus
"CPF"	Central Provident Fund of Singapore, a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
"Creative Value"	Creative Value Investments Limited, an investment holding company incorporated under the laws of the BVI with limited liability on 29 September 2016. It is wholly-owned by Mr. Shi, one of the Controlling Shareholders of our Company. Creative Value will hold 33.75% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option to be granted under the Share Option Scheme is exercised), and is one of the Controlling Shareholders of our Company
"CRS"	the 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

"Deed of Indemnity"	the deed of indemnity dated 19 April 2018 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries)
"Deed of Non-Competition"	the deed of non-competition dated 19 April 2018 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), as described in the section headed "Relationship with Controlling Shareholders" in this prospectus
"DHC Construction"	DHC Construction Pte. Ltd., a private limited company incorporated in Singapore on 18 January 2013 and an indirect wholly-owned subsidiary of our Company since 27 October 2016
"DHC Investments"	DHC Investments Limited, an investment holding company incorporated under the laws of the BVI with limited liability on 13 October 2016 and a directly wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors or any one of them
"DPS"	demerit points system for the construction sector implemented by the MOM
"EHS"	environmental, health and safety training
"Employment Act"	Employment Act (Chapter 91 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Employment of Foreign Manpower Act"	Employment of Foreign Manpower Act (Chapter 91A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"EQAICC"	Environment & Quality Assurance International Certification Center
"EQAIMS"	EQA IMS Certification Pte Ltd, a management system certification body in Singapore with certificate number QS-2012-19
"Euromonitor"	Euromonitor International Limited, an Independent Third Party and an independent market consultant

"Euromonitor Report"	an independent market research report prepared by Euromonitor and commissioned by our Company, the content of which is quoted in this prospectus
"Executive Director(s)"	Executive Director(s) of our Company, as at the date of this prospectus, being Mr. Wang and Mr. Shi
"Fire Safety Act"	the Fire Safety Act (Chapter 109A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"GDP"	gross domestic product
"GeBIZ"	the Singapore government's one-stop e-procurement portal where suppliers of goods and services can conduct e-commerce with the Singapore government
"Global Offering"	the Hong Kong Public Offering and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries or the business operated by such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Group WSH Committee"	the workplace safety and health committee of our Group established on 19 April 2018, which comprises Mr. Ong as chairman and Mr. Shi and Mr. Lim as members
"HDB"	the Housing and 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 "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HPC Investments"	HPC Investments Limited, an investment holding company incorporated under the laws of the BVI with limited liability on 13 October 2016 and a directly wholly-owned subsidiary of our Company
"HPC Builders"	HPC Builders Pte. Ltd., a private limited company incorporated in Singapore on 18 November 2004 and an indirect wholly-owned subsidiary of our Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Banking Ordinance"	the Banking Ordinance, (Chapter 155 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hong Kong Offer Shares"	the 40,000,000 new Shares initially offered by us for subscription at the Offer Price under the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1.0000%, SFC transaction levies of 0.0027% and Stock Exchange trading fees of 0.0050% of the Offer Price), subject to adjustment and in accordance with the terms and conditions described herein and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the paragraph headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement relating to the Hong Kong Public Offering dated 26 April 2018 entered into by, among others, our Company, the Sole Bookrunner and the Hong Kong Underwriters, further described in the section headed "Underwriting" in this prospectus

"**HK eIPO White Form**"	the application for the Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **HK eIPO White Form** Service Provider at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website **(www.hkeipo.hk)**
"IAS"	International Accounting Standards issued by the International Accounting Standards Board
"IFRS"	International Financial Reporting Standards, the related amendments and interpretations issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) who is(are) not connected with any member of our Group, any of our Directors, any chief executives and substantial Shareholders of our Company or any of our subsidiaries and any of their respective associates according to the meaning ascribed to them by the Listing Rules
"International Placing"	the conditional placing of the International Placing Shares for cash at the Offer Price plus brokerage of 1.0000%, SFC transaction levies of 0.0027% and Stock Exchange trading fees of 0.0050% of the Offer Price, details of which are as described in the section headed "Structure of the Global Offering" in this prospectus on and subject to the terms and conditions stated herein and in the International Underwriting Agreement
"International Placing Shares"	the 360,000,000 Shares initially offered under the International Placing (subject to adjustment and the Over-allotment Option as described in the section headed "Structure of the Global Offering" in this prospectus)
"International Underwriters"	the group of underwriters led by the Sole Bookrunner, who are expected to enter into the International Underwriting Agreement

"International Underwriting Agreement"	the conditional placing agreement relating to the International Placing and to be entered into by, among others, our Company and the Sole Bookrunner on behalf of the International Underwriters on or around the Price Determination Date
"ISO"	International Organisation for Standardisation
"ISO 9001:2008"	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
"ISO 14001:2004"	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
"JBS Development"	JBS Development Pte. Ltd., a private limited company incorporated in Singapore on 11 August 2009 and an Independent Third Party
"Jiestar Engineering"	Jiestar Engineering Pte. Ltd., formerly known as Jie Star Engineering Pte. Ltd., a private limited company incorporated in Singapore on 18 October 2014 and a connected person up to 30 November 2016
Joint Lead Managers"	Aristo Securities and Pacific Foundation, the joint lead managers
"King Hong Construction"	King Hong Construction & Development Pte. Ltd., formerly known as Huang Pu Construction Pte. Ltd., a private limited company incorporated in Singapore on 30 July 2008 and a connected person up to 30 November 2016
"Latest Practicable Date"	17 April 2018, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of our Shares on the Main Board of Stock Exchange

"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on Friday, 11 May 2018, on which our Shares are listed and from which dealings thereon are permitted to first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"LTA"	the Land Transport Authority of Singapore, which is responsible for planning, operating and maintaining Singapore's land transport infrastructure and systems
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Mdm. Liu"	Mdm. Liu Bei Li (劉蓓莉), the spouse of Mr. Shi
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on 19 April 2018 as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"MOH"	Ministry of Health of Singapore
"MOM"	Ministry of Manpower of Singapore
"Mr. Ewe"	Mr. Ewe Tuck Foong (尤德豐), chief financial officer and joint company secretary of our Company, and one of the senior management of our Group
"Mr. Lim"	Mr. Lim Boon Siew (林文秀), project director of our Company, and one of the senior management of our Group
"Mr. Wang"	Mr. Wang Yingde (王應德), our Chairman, Chief Executive Officer, Executive Director and a Controlling Shareholder of our Company
"Mr. Shi"	Mr. Shi Jianhua (施建華), our Chief Operations Officer, Executive Director and a Controlling Shareholder of our Company

"Mr. Yong"	Mr. Yong Chee Min (楊志明), contract manager of our Company, and one of the senior management of our Group
"MRT"	Mass Rapid Transit, the railway system of Singapore
"NEA"	the National Environment Agency of Singapore, a statutory board under the Ministry of the Environment and Water Resources of Singapore
"Nomination Committee"	the nomination committee of our Company
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0000%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.0050%) of not more than HK$0.48 and expected to be not less than HK$0.40, which is to be determined by agreement between our Company and the Sole Bookrunner on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares including, where relevant, any additional Shares to be issued under the Over-allotment Option
"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
"Onestar Construction"	Onestar Construction Pte. Ltd., a private limited company incorporated in Singapore on 8 April 2015 and a connected person up to 1 December 2016
"Over-allotment Option"	the option expected to be granted under the International Underwriting Agreement by us to the International Underwriters exercisable by Sole Bookrunner (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 60,000,000 additional new Shares (representing in aggregate of up to 15% of the initial number of Offer Shares offered under the Global Offering) at the Offer Price to, among other things, cover the over-allocations (if any) in the International Placing, details of which are described in the section headed "Structure of the Global Offering" in this prospectus

"Pacific Foundation"	Pacific Foundation Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities
"PRC"	the People's Republic of China, which for the purpose of this prospectus only, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Price Determination Agreement"	the agreement expected to be entered into between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, which is expected to be on or around Thursday, 3 May 2018 (Hong Kong time) but no later than Friday, 4 May 2018 (Hong Kong time), when the Offer Price is determined for the purposes of the Global Offering
"PUB"	the Public Utilities Board of Singapore, being the national water agency of Singapore and a statutory board under the Ministry of the Environment and Water Resources of Singapore
"Regulation S"	Regulation S under the US Securities Act
"related parties"	has the meaning as set out in the paragraph headed "Related parties balances and transactions" under Note 32 of Section II to the Accountant's Report set out in Appendix I to this prospectus
"Remuneration Committee"	the remuneration committee of our Company
"Reorganisation"	the corporate reorganisation undertaken by our Group in preparation for the Listing which is more particularly described in the paragraph headed "History, Reorganisation and Group Structure — Corporate Reorganisation" in this prospectus
"Reporting Accountant"	PricewaterhouseCoopers, certified public accountants, Hong Kong

"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Directors by the Shareholders, further details of which are contained in the paragraph headed "Further Information About Our Company — 6. Repurchase by our Company of our own securities" in Appendix V to this prospectus
"SARS"	Severe Acute Respiratory Syndrome
"SCG Singapore Branch"	Shanghai Construction (Group) General Co., Singapore Branch, a foreign company registered with the Accounting and Corporate Regulatory Authority of Singapore
"Scissor Lift Operator Course"	scissor lift operator course that is accredited by the MOM
"Sewerage and Drainage Act"	Sewerage and Drainage Act (Chapter 294 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Service Contracts"	the service contracts entered into between our Company and our Executive Directors as described in the paragraph headed "Further Information About Our Company's Business — 3. Further Information About Our Directors — a. Directors' service contracts and letters of appointment" in Appendix V to this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Construction Group"	Shanghai Construction (Group) General Co. (上海建工(集團)總公司) and its subsidiaries and affiliates
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of HK$0.01 each
"Shareholder(s)"	holder(s) of our Share(s) from time to time

"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 19 April 2018, the principal terms of which are summarised under the paragraph headed "Share Option Scheme" in Appendix V to this prospectus
"Singapore"	the Republic of Singapore
"Singapore Companies Act"	the Companies Act (Chapter 50 of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"Singapore Trademark Office"	the Intellectual Property Office of Singapore (IPOS), a statutory board under the Ministry of Law of Singapore
"Sole Bookrunner" or "Aristo Securities"	Aristo Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) regulated activities
"Stabilising Manager"	Aristo Securities, being the stabilising manager for the Global Offering
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Tower Point and the Sole Bookrunner pursuant to which the Sole Bookrunner may borrow up to 60,000,000 Shares from Tower Point for the purpose of covering over-allocation in the International Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Street Works Act"	the Street Works Act (Chapter 320A of the laws of Singapore), as amended, supplemented or otherwise modified from time to time
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"S$" or "Singapore dollars"	Singapore Dollars, the lawful currency of the Republic of Singapore
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, as approved by the SFC and as amended, supplemented or otherwise modified from time to time

"Tower Point"	Tower Point Global Limited, an investment holding company incorporated under the laws of the BVI with limited liability on 26 September 2016. It is wholly-owned by Mr. Wang, one of the Controlling Shareholders of our Company. Tower Point will hold 41.25% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option to be granted under the Share Option Scheme is exercised), and is one of the Controlling Shareholders of our Company
"Track Record Period"	collectively, the years ended 31 October 2015, 2016 and 2017
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "US"	the United States of America
"US Securities Act"	the US Securities Act of 1933, as amended
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"Work-At-Height Course for Supervisor"	work-at-height course for supervisors that is accredited by the MOM
"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
"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
"WSH Management System"	the workplace safety and health management system that has been established by our Group
"%"	percentage or per centum

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.

In this prospectus, the English names of PRC nationals, companies, associations, entities, departments, facilities, certificates, and titles are directly translated from their Chinese names and are furnished for identification purposes only. Should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.

This glossary contains explanation of certain terms and definitions used in this prospectus in connection with us and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

"A&A"	alteration and addition works
"civil engineering"	non-building construction such as the construction of roads, bridges, tunnels, railways, viaducts, water and gas pipelines, sewers, communications and power lines and marine construction including site-preparation and construction-related landscaping works
"CSC"	a certificate of statutory completion issued under the Building Control Act
"design and build"	a project involving the design and construction of a facility
"general building"	all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure or movable property including A&A works on buildings involving structural changes
"M&E works"	mechanical and electrical works
"TOP"	temporary occupation permit issued under the Building Control Act
"warehouse construction"	general construction and major repair works, piling works, finishing works, installation of doors, windows, sanitary products, curtain walling / cladding works, structural works and other special trade construction such as scaffolding and sandblasting — specifically for warehouses but excludes A&A works relating to existing warehouses

FORWARD-LOOKING STATEMENTS

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate; and
- the general economic trend in Singapore.

The words "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Please refer to the sections headed "Risk Factors", "Business" and "Financial Information" in this prospectus for more details.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable law, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information.

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

You should consider carefully all the information set out in this prospectus including, the risks and uncertainties described below before making any investment decisions in relation to the Offer Shares. You should pay particular attention to the fact that our Company is incorporated in the Cayman Islands, the legal and regulatory environment of which may differ from that prevailing in Hong Kong. The occurrence of any of the following risks, together with other risks and uncertainties that are deemed currently immaterial, may materially and adversely affect our Group's business, financial condition or results of operations. If any of these events occur, the trading price of the Shares could decline and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from construction projects which are typically non-recurring in nature.

Our construction projects are undertaken on a project-by-project basis and our major customers may vary from year to year. The duration of construction projects we undertake typically range between one to three years. Accordingly, the revenue we derived from the construction projects we undertake is not recurring in nature and we cannot guarantee that we will continue to be able to secure new construction contracts from our existing or new customers. Further, our Group has to go through a competitive tendering process to secure new construction projects. There is no guarantee that we will be able to maintain the current success rates or achieve higher success rates in tendering for construction projects. In the event that we are unable to maintain business relationship with our customers or we fail to secure new construction projects from our existing or new customers or we do not succeed in our competitive tenders, our revenue, financial performance and results of operations will be adversely affected.

Our Group's profit margin may be affected by market conditions of the construction industry in Singapore.

Our construction projects are undertaken on a project-by-project basis and are typically non-recurring in nature. The profit margin of each project may vary significantly depending on various factors, such as the terms of the contracts, the tender price submitted by our Group, the efficiency of implementation of the construction works and general market conditions. As a result, the profitability of the business of our Group is irregular and is subject to various factors beyond the control of our Group. As such, there can be no assurance that the profitability of our projects can be maintained or estimated at any particular level. In the event that we are unable to maintain a certain level of profitability for our projects, our financial performance and results of operations will be adversely affected.

We are dependent on our major subcontractors to implement certain contracts.

For the years ended 31 October 2015, 2016 and 2017, our five largest subcontractors accounted for approximately S$81.3 million, S$77.9 million and S$26.4 million, respectively, representing approximately 43.2%, 48.8% and 16.3% of our Group's total cost of sales, respectively. As we do not typically sign any long term contracts with our subcontractors, there is no assurance that they will be able to continue providing the required supplies and services to our Group at fees acceptable to our Group or our relationship with them could be maintained in the future. In the event that any of the major subcontractors are unable to provide the required services to our Group and we are unable to find an alternative subcontractor to complete our works within our budget and timeframe, or their costs of providing the required services increase substantially, our Group's business, results of operations, profitability and liquidity may be adversely affected.

We could be negatively affected by works done by our subcontractors.

We may engage subcontractors to provide various services for our construction projects, including M&E works, air conditioning and mechanical ventilation works, steel works and any other specialist work. There is no assurance that we are able to monitor the performance of our subcontractors as directly and efficiently as with our own staff or that they will be able to complete the contracted scope of work in a timely manner. As our subcontractors do not have direct contractual relationships with our customers, we bear the risks of subcontractors' non-performance, late performance or poor quality works which in turn exposes us to liability for poor quality works and defects caused by them. If a subcontractor fails to provide services as required under a contract, we may be required to source for these services on a delayed basis or at a higher price than anticipated, which may impact our profitability. As a result, we may experience deterioration in the quality of our services, incur additional costs, or be exposed to liability in relation to the performance of subcontractors, which may have impact on our profitability, financial performance and reputation, and may result in litigation or damages claims.

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

We may incur liquidated damages for delays in the completion of projects.

The contracts entered into between our Group and our customers 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. Delays in the completion of a construction project could occur from time to time due to factors such as shortages of labour, equipment and construction, the occurrence of natural disasters and work stoppages arising from accidents or mishaps at construction worksites. Any delay in completing a construction project in accordance with the contractual time schedule which is caused by us, may result in our Group paying significant liquidated damages and lead to additional costs, including the costs of hiring additional manpower. In such an event, our Group's business, financial performance and reputation in the industry may be adversely affected.

We may be subject to disputes with, and claims from our customers, subcontractors, suppliers, or other third parties.

We are exposed to claims arising from disputes with our customers, subcontractors or suppliers over unfinished work or delays in the completion of construction projects or breaches of terms of our contracts with our customers or late payments due to subcontractors or suppliers. For further details, please refer to the paragraph headed "Business — Key Contract Terms" of this prospectus. Claims may also arise after disputes with suppliers and subcontractors due to delay of payment to subcontractors or suppliers. These claims may lead to legal proceedings and may result in substantial costs and diversion of our time and attention. Any unfavourable judgements or findings resulting from these legal proceedings may harm our reputation and result in financial losses and may have a material and adverse effect on our financial performance and financial position.

Our employees who have suffered an injury arising out of and in the course of his employment can choose to either submit a claim under the Work Injury Compensation Act for compensation through MOM or commence legal proceedings to claim damages under common law against the employer. 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. We are also liable under the Work Injury Compensation Act for the injuries of the employees of our subcontractors during the course of the work we engaged. Further, we may face claims from third parties from time to time, including those who suffer personal injuries at our project premises.

As at the Latest Practicable Date, there were no outstanding employee compensation claims under the Work Injury Compensation Act and three outstanding personal injury claims, details of which are set out in the paragraphs headed "Business — Workplace Safety and Health Policy" and "Business — Litigation" of this prospectus. Serious and/or fatal accidents may lead to negative publicity, which may in turn adversely affect our reputation, brand name, financial position and results of operation.

Our Group's operations are subject to due compliance with a number of regulations and requirements.

Our Group is required to comply with various safety, employee protection and environmental protection laws, regulations and requirements in Singapore. Please refer to the section headed "Regulatory Overview" in this prospectus for a summary for some of these key laws and regulations. In the event that our operations fail to meet such legal and regulatory and requirements, we may be subject to fines or required to make remedial measures. If any of these events occurs, it may adversely affect our reputation, business, financial condition and results of operations. In addition, there is no assurance that there will be no changes made to the government legislations and regulations in Singapore in the future. Compliance with any such changes may increase our compliance costs and thus adversely affect our financial performance.

We determine tender price based on the estimated construction time and costs involved in a project which may deviate from the actual time and costs involved due to cost overruns and/or other related construction risks.

The tender price quoted in our tender documents is determined based on our internal costing and budgetary estimates after having taken into account factors such as the existing market price or in certain circumstances, quotations from our suppliers and subcontractors. Inaccurate estimation of costs or risks may occur at the tender submission stage. Further, there is no assurance that the actual time and costs of construction would not exceed our estimation. The actual time and costs of construction may be adversely affected in circumstances such as adverse weather conditions, shortages and cost escalations of materials and labour, and unforeseen problems which may result in additional unanticipated costs over the contract value.

In addition, the construction contracts entered into between our Group and our customers typically do not provide for any price adjustment that may be made to the contract value for fluctuations in the cost, amongst others, of labour, material or services. Accordingly, we are not permitted under the terms of the construction contract to pass on any cost increase to our customers. A substantial cost increase in the subcontracting costs, raw material costs or other cost components *vis-a-vis* the estimates factored into the contract value agreed with the customers may thus erode our profit margin for the construction projects or may result in losses.

These circumstances may lead to cost overruns and in turn adversely affect our profitability and financial performance.

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

We make progress claims to our customers in respect of the value of the work we have performed, and subject to our customer's confirmation, thereafter we will proceed to issue the invoices with a credit term in accordance with provision of the contract. As at 31 October 2015, 2016 and 2017, our trade receivables were S$41.8 million, S$24.7 million and S$37.6 million, respectively. We had a write off of trade and other receivables of approximately S$2.8 million during the year ended 31 October 2015, and a write back of trade and other receivables amounting to S$150,000 and S$271,000 during the years ended 31 October 2016 and 31 October 2017, respectively.

A portion of contract value, usually between 5.0% to 10.0%, is typically withheld by our customers as retention money, of which half will generally be released upon obtaining the TOP and the remaining will be released after the defects liability period (usually 12 to 18 months from the date of TOP, CSC or completion certificate issued by the customer (based on the relevant contract terms)). As of 31 October 2015, 2016 and 2017, our retention receivables (both current and non-current) amounted to S$18.4 million, S$22.1 million and S$23.7 million, respectively. There is no assurance that any retention money will be released by our customers to us in full or on a timely basis. Any failure by our customers to make timely or full remittance may have an adverse effect on our liquidity position.

In addition, we may not be able to bill and receive the full amount of gross amounts due from customers for the contract works we performed, which may affect our revenue, and our cash flows, financial performance and financial position may be adversely affected.

The payment practice typical to our projects may result in fluctuations in our cash flow.

Our projects normally incur net cash outflows at the early stage of carrying out our works when we are required to pay the setting up expenditures, purchase materials, and commence works prior to payment received from our customers. Our customers will pay progress payments after our works commence and such works and payments are certified by our customers. Accordingly the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. We undertake a number of projects at any given period. If we fail to carefully manage and schedule our projects and our overall cash flow requirements, our corresponding cash flow position may be adversely affected.

The amount of revenue that we are able to derive from a project may be higher or lower than the original contract sum due to factors such as variation orders

The aggregate amount of revenue that we are able to derive from a project may be different from the original contract sum specified in the relevant contract for the project due to factors such as variation orders (including additions, modifications or cancellations of certain contract works) placed by our customers from time to time during the course of the project. As such, there is no assurance that the amount of revenue derived from our projects on hand will not be substantially different from the original contract sum as specified in the relevant contracts.

The aggregate value of variation orders received since commencement of the projects with revenue generated in the relevant financial year as a percentage of the total original contract sum for such projects for each of the three years ended 31 October 2017 was approximately 1.70%, 1.16% and 1.59% respectively.

We have 13 ongoing construction projects as at 31 October 2017. The total revenue expected to be recognised from such projects is estimated to be approximately S$208.6 million and S$45.7 million for the years ending 31 October 2018 and 2019 respectively. Due to the reasons mentioned above, there is no assurance that the actual amount of revenue to be recognised from our ongoing projects will not be substantially different from the original contract sum as specified in the relevant contracts. Furthermore, the variation orders may relate to different aspects of the contracted works, including but not limited to (i) additions, substitutions, alterations, changes in quality, form, character, kind, position or dimension of works; and (ii) changes to the sequence, method or timing of construction specified in the original contract. In addition, the variation orders may be of differing natures, complexities and time schedules. Therefore, the profit margin derived from projects after variation orders may vary. For further details of variation orders, please refer to the sections headed "Business — Business Process and Operations — 7. Contruction process management" and "Business — Key Contract Terms — Variation" in this prospectus.

We may occasionally be required by our customers to arrange for performance bonds to secure our due performance of contracts.

Construction industry practice dictates that contractors are required by their customers to take out performance bonds of a fixed sum or in 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 October 2015, 2016 and 2017, our Group had taken out performance bonds amounting to approximately S$0.2 million, nil and nil, respectively in favour of some of our customers as security for our due performance and observance of our obligations under the contracts entered into between our Group and such customers. We cannot guarantee that we will not undertake future projects which require us to take out performance bonds. In the event that we fail to satisfactorily complete our works as required by our customers to whom performance bonds have been given, such customers may demand that the surety bank or insurance company compensate them for their losses accordingly. We then become liable to compensate such surety bank or insurance company accordingly, and this may adversely affect our cash flows and financial position.

We are dependent on foreign workers and may be adversely affected by any shortage in the supply of foreign workers or increase in levy for foreign workers, or any restriction on the number of foreign workers that we can employ for a project.

As at the Latest Practicable Date, approximately 86.2% of our workforce is made up of foreigners (including foreign workers). We rely heavily on foreign workers for our construction projects as the local labour is scarce and the cost of local labour is high. Accordingly, our business operations and financial position are vulnerable to any shortage in the supply of foreign workers, any increase in the cost of foreign labour and any restriction on the number of foreign workers that we can employ.

Any changes in the policies and regulations of any of the country of origins of our foreign workers may affect the supply of foreign labour and cause disruptions to our business operations which may result in a delay in the completion of our projects. Further, in Singapore, the supply of foreign labour and the number of foreign workers that we are allowed to employ are subject to the policies and regulations imposed by the MOM. For example, the MOM imposes a quota on the number of foreign workers that we can employ in respect of each of our construction projects. Depending on the requirements of our projects, such quota on the number of foreign workers could affect our business operations and accordingly our business and financial performance could be adversely affected.

Most of our construction workers are foreign workers who come mainly from the PRC and Bangladesh and are subject to foreign worker levy. Any increase in foreign worker levy imposed by MOM will increase our operating expenses and affect our financial performance.

There is no assurance that we will succeed in tenders.

Our projects are generally obtained through a tender process whereby we make a tender proposal in response to an invitation to tender. Our success rates for tenders were approximately 15.8%, 11.8% and 33.3% from invited main contractor works tenders and approximately 0.0%, 33.3% and 0.0% from open main contractor works tenders for the years ended 31 October 2015, 2016 and 2017, respectively. There is no assurance that we will succeed in future tender process or maintain comparable tender success rates in the future as we cannot guarantee that the overall evaluation of our tender proposals by our current or potential customers would be or remain positive. These customers' criteria for evaluation may depend on industry expertise, financial capability, reputation and regulatory compliance which may change from time to time. For example, in the event of any accidents occurring at any of our construction worksite, we may receive a negative evaluation by our customers and this may affect our success rate for tenders. In such an event, we may not be awarded the tender and our reputation, business operations and profitability may be adversely affected.

The loss or failure to renew any or all of our existing qualifications, licences and permits could materially and adversely affect our business.

In accordance with the laws of Singapore, our Group is required to obtain or maintain certain registration, licences and permits to operate our business. All registrations, licences and permits are granted/renewed and maintained upon our satisfactory compliance with, amongst others, the applicable criteria set by the relevant government departments or organisations and the relevant regulations.

In Singapore, a contractor can be categorised by the BCA into different registration grades and such registration is a pre-requisite for contractors to participate in construction tenders or carry out construction projects (as a main contractor or subcontractor) for the public sector. Our Group has obtained various registration grades. For further information, please refer to the paragraph headed "Business — Main Qualifications, Licences and Certifications" in this prospectus. In order to maintain our registration grades, our Group is required to meet the requirements laid down by the BCA, including having sufficient financial capacity, necessary track record and performance, necessary personnel resources and be registered with the Accounting and Corporate Regulatory Authority of Singapore.

There is no assurance that all these required registrations and/or certificates can be maintained or obtained/renewed in a timely manner or at all. In the event that we are unable to satisfy the criteria for the grant of any of our current classification, we may be downgraded in terms of the level of our classification we have been granted or our current classification may not be renewed. Further, any changes in the existing policies by the government authorities in relation to the construction industry or standards of compliance from time to time may result in our failure to obtain or maintain such relevant registration, licence and/or certifications. In any such circumstances where we are unable to obtain or maintain our BCA registration grades, the number of construction project opportunities may be reduced as we may not be allowed to bid for contracts which have a higher registration grade as a pre-requisite or for public sector tenders or for contracts with a higher contract value. This could have an adverse impact on our reputation, business operations and financial position.

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. For our construction works, we may have to work at height or at the construction sites. 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 foregoing risks mentioned in the worst case scenario may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations.

RISKS RELATING TO OUR GROUP

We rely on key management personnel and skilled personnel for our Group's continued growth and success.

Our success to date is largely dependent on the contributions and expertise of our Executive Directors. Each of our Executive Directors has over 25 years of experience in the construction industry (including more than 15 years of local experience in Singapore). They are supported by our senior management and a team of experienced management personnel who have considerable working experience in their respective professions. Further information on our Executive Directors and senior management is set out in the section headed "Directors, Senior Management and Employees" of this prospectus. Our continued development and success is dependent on our ability to retain, identify, hire and train suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Any loss of services of any of our Executive Directors or senior management without suitable and timely replacement could have an adverse effect on our business operations, financial performance and financial position.

Our Group may be debarred from hiring new foreign employees in the event that we are awarded 25 or more demerit points by the MOM under the DPS.

Under the DPS, an accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment of a contractor from hiring new foreign employees, and applications by the contractor for all types of work passes for foreign employees will be rejected by the MOM. Where a contractor accumulates a minimum of 25 demerit points but not more than 49 demerit points within an 18-month period, the duration of such debarment shall be three months. A contractor will however be allowed to renew the work passes of its existing foreign employees. The accumulation of more demerit points will result in longer periods of debarment.

As at the Latest Practicable Date, HPC Builders has a total of 14 demerit points and DHC Construction has a total of 2 demerit points subsisting under the DPS. Accordingly, both HPC Builders and DHC Construction are still allowed to hire new foreign employees. In the event that HPC Builders or DHC Construction accumulates 25 demerit points within a period of 18 months, this would trigger debarment from hiring new foreign employees for a period of three months. In such event, our reputation, business, financial condition and results of operations may be adversely affected.

Our insurance may not be adequate to cover all losses or potential losses arising from our operations.

In relation to our business operations, we maintain various insurance policies, the details of which are set out in the paragraph headed "Business — Insurance" of this prospectus. Our insurance policies may not be adequate to protect us from liabilities that we may incur in our business. Certain circumstances such as potential losses due to natural disasters, act of God or similar events, are excluded from our existing insurance coverage. Further, there can be no assurance that our insurance policies are able to cover all potential risks and losses incurred from damages or liabilities in relation to our operations. In the event that we suffer from any losses, damages or liabilities in the course of our business operations which exceed our insurance policy limits or for which we are not insured against, we may have to incur substantial costs to cover such losses, damages or liabilities. Any such resulting payment could have a material and adverse effect on our business, results of operations and financial position.

RISKS RELATING TO OUR INDUSTRY

Our financial performance is heavily dependent on the state of the economy in Singapore.

Our financial performance is heavily dependent on the state of the economy in Singapore as our revenue was derived solely from our operations in Singapore during the Track Record Period. In the event of any unforeseen circumstances such as natural disasters, downturn in the Singapore economy, terrorist attacks and other events beyond our control occurring in Singapore, our business operations, financial performance and financial position may be adversely affected.

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

We operate in a competitive industry.

We operate in a highly competitive industry with a large number of competitors. Some of our competitors may have stronger brand names, greater access to capital, longer operating histories, longer and more established relationships with their customers and greater marketing and other resources than we do. Our competitors may be able to reduce our market share by adopting more aggressive pricing policies than we do, develop services that gain wider market acceptances than our services do, or develop relationships with our customers in a manner that could significantly harm our ability to secure new contracts. There can be no assurance that the competition in the tendering process will not intensify in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active or liquid trading market for our Shares may not develop.

Prior to this Global Offering, there has not been a public market for our Shares. Although application has been made for listing of our Shares on the Stock Exchange, there is no assurance that an active public market for our Shares will develop or that the market price of our Shares will not decline below their initial Offer Price. The Offer Price of the Shares will be determined through negotiations between us and the Sole Bookrunner and it may not be indicative of the market price of the Shares after this Global Offering is complete. You may be unable to sell your Shares at or above the Offer Price, and as a result, may lose all or part of the investment in such Shares. Failure in the development of an active and liquid public trading market may materially and adversely affect the market price and liquidity of our Shares.

The trading price of our Shares may be volatile.

The market price of our Shares may be volatile and subject to wide fluctuations in response to factors which may be beyond our control, including the following:

(i) unanticipated fluctuations in our operating results;

(ii) changes in securities research analysts' estimates, if any, of our financial performance;

(iii) announcements by us or our competitors of acquisitions, strategic partnerships, joint ventures or capital commitments;

(iv) technological developments or competitive developments in our industry;

(v) regulatory developments;

(vi) changes in the economic performance or market valuations of other companies in our industry; and

(vii) general market conditions or other developments affecting us or our industry.

The sale or availability for sale of substantial amounts of our Shares could adversely affect their market price.

Additional sales of our Shares in the public market after the completion of this Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. All Shares sold in this Global Offering will be freely transferable. Our Controlling Shareholders have agreed to a moratorium period of six months after the Listing Date during whereby he/it will not transfer or dispose of his/its Shares. After the expiration of the moratorium period, such Shares may be transferred or sold, and we may sell additional Shares. Future sales of substantial amounts of our Shares in the public market or the perception that these sales may occur could negatively impact the prevailing market price for our Shares and our ability to raise equity capital in the future.

Purchasers of our Shares in the Global Offering will experience immediate dilution in net tangible assets value per Share and may experience further dilution if we issue additional Shares in the future.

An investor who purchases our Shares in this Global Offering will pay more for such Shares than the amount paid by existing Shareholders for their Shares. As a result, the investors will experience immediate dilution in pro forma net tangible assets value per Share. If we issue additional Shares in order to expand our business in the future, investors of our Shares may experience further dilution.

Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would also result in the reduction in the percentage ownership of the Shareholders. There may also be a dilution in the earnings per Share and the net tangible assets per Share as a result of the increase in the number of Shares outstanding after the issue of such additional Shares. Under the IFRS, the costs of share options to be granted to the employees under the Share Option Scheme will be charged to our income statement over the vesting period by reference to the fair value at the date at which the share options are granted. As a result, our profitability may be adversely affected.

Our Controlling Shareholders' interests may not be aligned with our interests or the interests of other Shareholders.

Our Controlling Shareholders will control the exercise of approximately 75.0% of the voting rights of our Company immediately after the Global Offering and the Capitalisation Issue. Therefore, our Controlling Shareholders will continue to be able to exercise controlling influence over our business through the ability to direct us to take actions or omit from taking actions without the consent or approval of other Shareholders. Accordingly, our Controlling Shareholders have substantial influence over our business, including but not limited to decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors, timing and distribution of dividends, if any, and other significant corporate actions.

In the case where the interests of our Controlling Shareholders conflict with those of public Shareholders, or if our Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interest of public Shareholders, such public Shareholders could be left in a disadvantageous position by such actions caused by our Controlling Shareholders. The concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares.

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. Such information has not been prepared or independently verified by us, the Sole Sponsor, the Sole Bookrunner and 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. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

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

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "anticipate", "believe", "expect", "may", "ought to", "should" or "will" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, 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 risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

You should not rely on any information contained in press articles or other media regarding our Group and the Global Offering.

There may be certain press and media coverage regarding our Company and the Global Offering which may include certain events, financial information, industry comparisons, projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information not contained in the prospectus and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. Further, we make no representation as to the appropriateness, accuracy, 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 and should only rely on information included in this prospectus in making any decision as to whether to subscribe for the Offer Shares.

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

MANAGEMENT PRESENCE

According to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of the Executive Directors must be ordinarily resident in Hong Kong. At present, there will be no Executive Directors ordinarily resident in Hong Kong after the Listing. The core business and operations of our Group are primarily located, managed and conducted in Singapore. The senior management team of our Group is and will continue to be based in Singapore to attend to their respective duties. Further, as each of the Executive Directors has a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in Singapore. Accordingly, we do not, and for the foreseeable future, will not, have a sufficient management presence in Hong Kong, for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

For the reasons set out above, our Directors consider that it would be practically difficult, unduly burdensome and not commercially feasible for us to appoint two Hong Kong residents as Executive Directors or to relocate any of the existing Executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to our Company adopting the following arrangements to maintain regular communication with the Stock Exchange:

(a) both of our Company's authorised representatives, Mr. Wang and Mr. Ewe, will act as our principal channel of communication with the Stock Exchange. Each of Mr. Wang and Mr. Ewe has confirmed that he possesses valid travel documents and can readily travel to Hong Kong to meet with the Stock Exchange within a reasonable time upon request of the Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorised to communicate on behalf of our Company with the Stock Exchange;

(b) both of the authorised representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;

(c) each Director will provide his/her mobile phone number, office phone number, email address and facsimile number to the Stock Exchange;

(d) our Company, in accordance with Rule 3A.19 of the Listing Rules, will appoint a compliance adviser, who will act as an additional channel of communication with the Stock Exchange. Our Company will ensure that the compliance adviser shall have access at all times to our authorised representatives, Directors and members of the senior management. Our Company will also procure that such persons provide promptly to the compliance adviser such information and assistance as it may need or may reasonably request in connection with the performance of the compliance adviser's duties as set forth in Chapter 3A of the Listing Rules. The compliance adviser will advise on ongoing 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 its financial results and its annual report for the first full financial year following the Listing; and

(e) each Director who is not ordinarily resident in Hong Kong possesses valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time.

In these circumstances, our Company and our Directors do not envisage that there should be any difficulty for the Stock Exchange to contact (if required) any of the Executive Directors and believe that the arrangements set out above are sufficient to maintain effective communication between our Company and the Stock Exchange. Our Directors will ensure that disclosure of information and contact with the Stock Exchange will be made on a timely basis.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (WUMP) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Ewe and Ms. Leung Wing Han Sharon (梁穎嫻) as the joint company secretaries of our Company. Ms. Leung is, among others, a member of the Hong Kong Institute of Chartered Secretaries and the Hong Kong Institute of Certified Public Accountants. Ms. Leung is ordinarily resident in Hong Kong and is qualified to act as a joint company secretary of our Company. On the other hand, Mr. Ewe is not a certified public accountant as defined in the Professional Accountants Ordinance, a member of the Hong Kong Institute of Chartered Secretaries, nor a solicitor or barrister as defined in the Legal Practitioners Ordinance, as required under Rules 3.28 and 8.17 of the Listing Rules. However, as the chief financial officer of our Company since October 2016, Mr. Ewe has relevant knowledge about the business operations and corporate culture of our Group and has relevant experience in the matters relating to the Board and corporate governance of our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for a period of three years from the Listing Date. The waiver is granted on the condition that we engage Ms. Leung, who meets the requirements under Rules 3.28 and 8.17, as a joint company secretary, to assist Mr. Ewe in discharging his functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules. The waiver will be revoked immediately if Ms. Leung, during the three-year period, ceases to provide assistance to Mr. Ewe. Before the end of the three-year period, our Company has to liaise with the Stock Exchange. The Stock Exchange will re-visit the situation in the expectation that our Company should then be able to demonstrate to the satisfaction of the Stock Exchange that Mr. Ewe, having had the benefit of Ms. Leung's assistance for three years, would then have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

For further details about Mr. Ewe's qualifications and experience, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

The following information is provided for guidance only. You should consult your financial advisers and take legal advice, as appropriate, to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction if you decide to apply for the Offer Shares. You should also inform yourself as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the country of your citizenship, residence or domicile when considering making an application for the Offer Shares.

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 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 the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement in this prospectus or this prospectus misleading; and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are formed on bases and assumptions that are fair and reasonable.

STRUCTURE OF THE GLOBAL OFFERING

The Global Offering comprises the Hong Kong Public Offering of initially 40,000,000 Hong Kong Offer Shares and the International Placing of initially 360,000,000 International Placing Shares, subject, in each case, to adjustment on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and, in the case of the International Placing, to any exercise of the Over-allotment Option.

The Global Offering will be fully underwritten by the Underwriters pursuant to the Underwriting Agreements subject to the Offer Price being fixed by agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). Further information on the Underwriters and the Global Offering and underwriting arrangements is set forth in the section headed "Underwriting" in this prospectus. For details of the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and us on or before the Price Determination Date. If, for whatever reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and we are unable to reach agreement on the Offer Price on or before the Price Determination Date, the Global Offering will not become unconditional and will lapse. In such event, we will issue an announcement to be published on the website of Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.hpc.sg**.

OVER-ALLOTMENT AND STABILISATION

Please see details in the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Global Offering 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 us, the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers, the Underwriters or any of their respective directors, agents, employees or advisers or any other persons or parties involved in the Global Offering.

Each person acquiring the Offer Shares will be required to confirm, and by his acquisition of the Offer Shares is deemed to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus 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 an offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering 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 from applicable securities law. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC, the United States of America or the Cayman Islands. Persons who possess this prospectus are deemed to have confirmed with our Company, the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers and the Underwriters that such restrictions have been observed.

APPLICATIONS FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Offer Shares, any Shares to be issued (a) under the Capitalisation Issue, (b) the exercise of the Over-allotment Option, and (c) upon the exercise of any options which may be granted under the Share Option Scheme). No part of our share or loan capital is listed on or dealt in on any other exchange and no such listing or permission of dealing is being or proposed to be sought.

Under Section 44B(l) of the Companies Ordinance, if the permission for the Shares offered under this prospectus to be listed on the Main Board has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Committee, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 8.08 of the Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are unsure about the taxation implications of subscribing for, purchase, holding or disposal of, dealing in, or exercise of any rights in relation to, the Offer Shares. We emphasise that none of our Group, our Shareholders, the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers, the Underwriters, any of their respective directors, supervisors, agents or advisers or any other person or parties involved in the Global Offering accepts responsibility for any tax effects on you or your tax liabilities resulting from your subscription for, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to, the Offer Shares.

REGISTERS OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on our register of members to be maintained in Hong Kong by the Hong Kong Share Registrar in order to enable them to be traded on the Main Board. Only Shares registered on the branch register of members maintained in Hong Kong may be traded on the Main Board. Our principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

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

Unless determined otherwise by us, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on our Hong Kong Share Register, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares on Main Board and our Company's 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 as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealing in our Shares on the Main Board is expected to commence at 9:00 a.m. on Friday, 11 May 2018. Shares will be traded in board lots of 5,000 Shares each.

The stock code for the Shares is 1742.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

CONVERSION AND EXCHANGE RATES

For the purposes of exchange rate calculation, unless otherwise specified, the exchange rate of S$1.00 to HK$5.9682, being the average prevailing exchange rate published by The Hong Kong Association of Banks on 17 April 2018, shall be applicable.

LANGUAGE

The Chinese language version of this prospectus is translated from the English version. In the event of any discrepancies or conflicts between the contents of the Chinese version and the English version of this prospectus, the English version shall prevail. However, it is important to note that English names in this prospectus relating to relevant Chinese names, entities, departments, facilities, certificates, titles and laws and regulations are a direct informal translation of their relevant Chinese names, and such translated English names should only be used for identification purposes only.

ROUNDING

Several figures and percentages in this prospectus have been rounded to one or two decimal places. Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Yingde (王應德)	5 Keppel Bay View #07-16 Singapore, 098404	Singaporean
Mr. Shi Jianhua (施建華)	35 Lor, 5 Toa Payoh #17-329, Singapore, 310035	Chinese
Independent non-executive Directors		
Mr. Zhu Dong (朱東)	Room 5D, Lunar Building, 28-30 Leighton Road, Causeway Bay, Hong Kong	Chinese
Mr. Leung Wai Yip (梁偉業)	29D, Tower 11, Royal Ascot, Fo Tan, New Territories, Hong Kong	Canadian
Ms. Ng King Wai Diana (吳敬慧).........	11C Scenic Villas, 6 Scenic Villa Drive, Pokfulam, Hong Kong	Chinese
Mr. Ong Toon Lian (翁敦廉)................	85 Hillview Avenue #06-05 Petals Singapore, 669587	Singaporean

Further information on our Directors is disclosed in the section headed "Directors, Senior Management and Employees" of this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**BOCOM International (Asia) Limited** 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
Sole Bookrunner	**Aristo Securities Limited** Room 101, 1st Floor On Hong Commercial Building 145 Hennessy Road Wanchai, Hong Kong

Joint Lead Managers	**Aristo Securities Limited** Room 101, 1st Floor On Hong Commercial Building 145 Hennessy Road Wanchai, Hong Kong **Pacific Foundation Securities Limited** 11/F New World Tower II 16-18 Queen's Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law:* **Luk & Partners** **In Association with** **Morgan, Lewis & Bockius** Suites 1902-09, 19/F Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong *As to Singapore law:* **Loo & Partners LLP** 160 Robinson Road SBF Center #15-06 Singapore 068914 *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Stephenson Harwood** 18/F United Centre 95 Queensway Hong Kong *As to Singapore law:* **Virtus Law LLP** One Raffles Place #18-61 Singapore 048616

Auditor and Reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants* 22nd Floor Prince's Building Central Hong Kong
Independent market consultant	**Euromonitor International Limited** 60-61 Briton Street, London, the United Kingdom
Property valuer	**A Star Valuer Pte Ltd** 334 Kreta Ayer Road #03-07 Singapore 080334
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong
Compliance adviser	**Alliance Capital Partners Limited** Room 1502-1503A Wing On House 71 Des Voeux Road Central Central Hong Kong *(A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)*

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Singapore	Block 165, Bukit Merah Central #08-3687, Singapore 150165
Principal place of business in Hong Kong	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Company's website	**www.hpc.sg** *(information contained in this website does not form part of the prospectus)*
Joint company secretaries	Mr. Ewe Tuck Foong (尤德豐) *CA (Singapore) and FCCA* 3 Paya Lebar Crescent #05-21 Tangerine Grove Singapore, 534239 Leung Wing Han Sharon (梁穎嫻) *FCS, FCIS, FCCA and CPA* 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Wang Yingde (王應德) 5 Keppel Bay View #07-16 Singapore, 098404 Mr. Ewe Tuck Foong (尤德豐) 3 Paya Lebar Crescent #05-21 Tangerine Grove Singapore, 534239
Audit committee	Mr. Leung Wai Yip (梁偉業) *(Chairman)* Mr. Zhu Dong (朱東) Ms. Ng King Wai Diana (吳敬慧)
Remuneration committee	Mr. Zhu Dong (朱東) *(Chairman)* Mr. Wang Yingde (王應德) Ms. Ng King Wai Diana (吳敬慧)

Nomination committee	Mr. Wang Yingde (王應德)*(Chairman)* Ms. Ng King Wai Diana (吳敬慧) Mr. Zhu Dong (朱東)
Group WSH Committee	Mr. Ong Toon Lian (翁敦廉) *(Chairman)* Mr. Shi Jianhua (施建華) Mr. Lim Boon Siew (林文秀)
Principal banks	**United Overseas Bank Limited** 80 Raffles Place, UOB Plaza, Singapore 048624 **DBS Bank Ltd.** 12 Marina Boulevard, Marina Bay, Financial Center Tower 3, Singapore 018982
Cayman Islands share registrar and transfer office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

Unless otherwise indicated, the information presented in this section is derived from the Euromonitor Report prepared by Euromonitor International Limited, which was commissioned by us and is prepared primarily as a market research tool. The Euromonitor Report is intended to reflect estimates of market conditions based on publicly available sources and trade opinion surveys. References to Euromonitor International Limited should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. Our Directors have no reason to believe that such information and statistics is false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material respect. The information prepared by Euromonitor International Limited and set out in this Industry Overview has not been independently verified by our Group, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering or their respective directors, officers, employees, advisers and agents, and no representation is given as to its accuracy and completeness. Accordingly, such information should not be unduly relied upon.

Period coverage

Market review for the Euromonitor Report has been carried out for the period covering 2013 to 2022, unless otherwise stated. Specifically, the 2013 to 2017 period is termed the historical or review period and 2018 to 2022 is deemed the forecast period in the Euromonitor Report.

Sources of industry information

We commissioned Euromonitor, an Independent Third Party, to conduct an independent assessment of the construction industry in Singapore for inclusion in this prospectus. The report commissioned has been prepared by Euromonitor independent from our influence. We paid Euromonitor, a fee of approximately US$95,750 for preparing this report. Established in 1972, Euromonitor is the world leader in strategy research for both consumer and industrial markets.

This section contains information extracted from a commissioned research report, that is the Euromonitor Report, prepared by Euromonitor for the purposes of this prospectus. The Euromonitor Report was last updated in February 2018 based on data available at the time of publishing.

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

Research methodologies

In compiling and preparing the Euromonitor Report, Euromonitor used the following methodologies to collect multiple sources, validate the data and information collected and cross-check each respondent's information and views against those of others:

- Secondary research, which involved reviewing published sources including National statistics and official sources such as Urban Redevelopment Authority, Singapore Land Authority, Building and Construction Authority, specialist trade press and associations such as Singapore Contractors Association Limited, company reports including audited financial statements where available, independent research reports, and data based on Euromonitor's own research database;
- Primary research which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross check the consistency of data and research estimates;
- Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers; and
- Review and cross-checks of all sources and independent analysis to build all final estimates including the size, shape, drivers and future trends of the Singapore market and prepare the final report.

Assumptions

The Euromonitor Report was prepared based on the following assumptions:

- Singapore's economy is expected to maintain steady growth over the forecast period;
- Singapore's social, economic and political environments are expected to remain stable during the forecast period;

- Key market drivers such as the government's continued regard towards public infrastructure development, policies in relation to housing, workplace skill development and measures to increase construction productivity growth are expected to boost the development of the Singapore construction market; and
- Key drivers including Singapore's rising GDP growth and the adoption of more advanced construction technology by contractors are likely to drive the future growth of the Singapore's construction market.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. Euromonitor's forecast data is derived from the analysis of the historical development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

1. Construction in Singapore

There are two main categories of construction activity in Singapore, namely general building works and civil engineering works. General building works cover general construction and major repair works as well as other construction works to facilitate or support the construction of all types of buildings. Within general building works, there are four main sub-categories: residential, commercial, industrial, and institutional and others. Warehouse construction works are classified under industrial building works and relate to construction works for warehouses specifically. Civil engineering works include non-building construction such as the construction of roads, bridges, tunnels and other support infrastructure. The Building and Construction Authority (BCA) is the statutory board under Singapore's Ministry of National Development, and their role is to regulate the construction industry in Singapore.

1.1 Classification of construction projects

The valuation of construction projects in Singapore varies depending on the scale, complexity and requirements of each project. There are no formal categorisations for what constitutes a major and minor construction project. However, by referring to how the Singapore Government classifies the scale and complexity of the construction contracts which it makes available for public tender, a broad classification based on the construction cost quantum is useful in determining the scale and significance of a particular construction project.

Three different categories exist under this framework established by the BCA — projects with an estimated construction cost of up to S$13 million, projects estimated to cost from S$13 million to S$40 million, and projects estimated at above S$40 million. Under this framework, large major construction projects can be regarded as those with a contract value of above S$40 million.

1.2 Cyclical nature of contracts awarded and certified payments for construction

Contracts awarded for construction projects tend to be cyclical in nature and can fluctuate significantly between years depending on the number of tenders that are being released by the public and private sectors. This is due to the long lead time between the award of contracts and actual project completion, during which the business environment may undergo significant changes. Hence, contracts awarded tend to be a barometer of the existing sentiments within the construction industry. On the other hand, certified payments, which are revenue receipts for the construction industry, are based on the percentage of overall completion of construction projects and form a better indicator of the actual level of construction activity taking place within a particular year.

1.3 Tendering for construction projects

The tender process for public sector construction projects differs from that of private sector construction projects. Public sector projects have a formal and stringent tendering format as well as a standardised process flow. For private construction projects, there is no requirement for a standard tender process.

All public construction projects valued above S$3,000 are made available for open tender via the GeBIZ online portal, which is the Singapore government's one-stop online business centre, where suppliers transact electronically with all Government agencies. Participants intending to tender for public contracts are first required to register as a Government Supplier (GeBIZ Trading Partner) before they can bid for any Government projects. Specific requirements for each project may be found in the tender documentations and have to be adhered to in order to qualify for evaluation and award. Public sector construction projects also tend to utilise a standard contract form known as the Public Sector Standard Conditions of Contract.

1.4 Contraction of the construction industry

The construction industry has been one of the integral pillars of Singapore's economy, accounting for 4.0% of nominal GDP output in 2017. Between 2013 and 2016, output from the construction industry grew to reach S$20.3 billion in 2016. However, after factoring in the industry's performance in 2017, construction shrank by 12.2% year-on-year to reach S$17.8 billion, growing only at a 0.9% CAGR over the full review period. The decline is largely due to continued falling demand in private sector construction works for all types of developments, with the exception of institutional and other building projects. However, demand in public sector construction works rose, mainly from industrial building works and civil engineering works, lending support to boost overall industry growth. Hence, growth in the construction industry was largely driven by public sector projects over the review period. Contracts attributable to public sector construction projects accounted for 63.9% of all construction contracts, reaching a high of S$15.8 billion in 2017.

2. Construction Demand

Table 1. Construction Contracts Awarded in Singapore, Historical (2013-2017)

Total Contracts Awarded (S$ million)	2013	2014	2015	2016	2017	CAGR 2013 - 2017
By Public Sector	14,888.4	19,219.8	13,252.9	15,393.3	15,835.0	1.6%
By Private Sector	20,915.2	19,537.4	13,781.2	11,010.5	8,963.5	-19.1%
Total	35,803.6	38,757.1	27,034.0	26,403.8	24,798.5	-8.8%
For Building Work	28,862.7	28,854.4	21,560.2	17,429.5	15,452.6	-14.5%
• Residential	15,963.2	11,290.5	7,770.1	6,479.0	6,249.9	-20.9%
• Commercial	3,727.5	3,822.8	2,183.5	2,961.9	1,859.2	-16.0%
• Industrial	5,490.3	6,627.8	5,778.5	3,676.2	4,177.2	-6.6%
• Institutional & Others	3,681.7	7,113.4	5,828.1	4,312.4	3,166.2	-3.7%
For Civil Engineering	6,940.9	9,902.7	5,473.8	8,974.3	9,345.9	7.7%

Source: Euromonitor Report

Total construction demand, or contracts awarded, contracted by 6.1% from S$26.4 billion in 2016 to S$24.8 billion in 2017, largely due to a subdued private sector demand arising from the slowdown in Singapore's property market and economic uncertainties. However, public sector demand provided support to overall growth.

Private sector construction demand declined by 18.6% year-on-year to reach S$9.0 billion in 2017. Construction demand from private residential projects was sluggish in 2017 as cooling measures remained in force despite the government's relaxation of some measures in March 2017.

As part of an overarching economic stimulus programme, the government has boosted its spending on public infrastructure projects in a bid to lift Singapore's flagging economy and domestic demand. While these efforts had been effective in increasing the contribution of the construction industry's to national GDP previously, they have proved to be insufficient to compensate for an ongoing decline in private construction demand in 2017.

Public sector construction demand expanded by 2.9% year-on-year to reach S$15.8 billion in 2017. Growth was largely supported by contracted awarded for civil engineering projects for public infrastructure and industrial buildings. Public sector demand was thus able to lend support to the overall industry.

2.1 Residential

There has been a sustained policy initiative over the review period by the Singapore government to boost the supply of public residential flats, aimed at alleviating high demand for public residential properties among Singaporeans. This has boosted public sector construction demand, with a steady pipeline of new public housing construction as well as upgrading works for HDB flats awarded in 2017. Nonetheless, construction demand arising from private residential projects is expected to weaken further, with a depressed private residential market in Singapore and continued cooling measures in force. As a result, residential building construction demand remained subdued in 2017, declining by 3.5% from S$6.5 billion in 2016 to S$6.2 billion.

2.2 Commercial

There has been a number of commercial projects in the pipelines, contributing to the demand for commercial construction in 2017. However, demand remained subdued as it was not sufficient to drive growth. Commercial projects saw declined by 37.2% from S$3.0 billion in 2016 to reach S$1.9 billion in 2017.

2.3 Industrial

In terms of industrial projects, construction demand for industrial developments in 2017 amounted to S$4.2 billion, growing at 13.6% to be up from S$3.7 billion the previous year, mostly arising from the award of major construction contracts from public and private sectors. Industrial projects are thus key drivers of the construction industry for the year.

Notable industrial projects from both sectors awarded in 2017 with a contract value of S$100 million and above are the construction of a Data Centre at Woodlands Ave 12 (Global Switch

Singapore Woodlands), the fourth Desalination Plant at Marina East, HDB's Defu Industrial City, JTC's Logistics Hub @ Gul, JTC's Cleantech Three @ Cleantech Park and JTC's Metal-Machinery-Timber Hub at Kranji Loop.

2.4 Institutional and others

A significant increase in government expenditure on infrastructure development as a means of economic stimulus has helped to accelerate multiple projects for institutions and other developments, in particular construction for projects related to the transport, healthcare and education industry. However, these were not enough to stimulate the overall industry. The value of institutional and other construction contracts in 2017 decreased by 26.6% to S$3.2 billion, down from S$4.3 billion in 2016.

3. Construction Market Activities

Table 2. Construction Certified Payments in Singapore, Historical (2013-2017)

Certified Payments (S$ million)	2013	2014	2015	2016	2017	CAGR 2013 - 2017
By Public Sector	12,554.8	14,731.7	15,614.6	16,473.6	14,644.4	3.9%
By Private Sector	21,127.0	21,160.1	20,787.6	18,704.1	13,226.5	-11.0%
Total	33,681.8	35,891.7	36,402.2	35,177.8	27,870.9	-4.6%
For Building Work	27,798.6	28,812.1	28,381.3	26,512.7	20,264.1	-7.6%
• Residential	12,791.3	13,811.1	13,607.5	10,890.2	7,525.1	-12.4%
• Commercial	3,220.6	3,047.1	3,278.3	3,372.5	2,871.2	-2.8%
• Industrial	7,806.5	7,060.2	6,783.5	6,637.4	4,749.5	-11.7%
• Institutional & Others	3,980.2	4,893.7	4,712.0	5,612.6	5,118.3	6.5%
For Civil Engineering	5,883.2	7,079.6	8,020.9	8,665.1	7,606.8	6.6%

Source: Euromonitor Report

Total construction output, or certified payments, declined by 20.8% from S$35.2 billion in 2016 to S$27.9 billion in 2017, due to a decrease in both private and public sector construction activities.

In 2017, certified payments from private construction activities fell by 29.3% to S$13.2 billion, down from S$18.7 billion in 2016. This was due to a decline in all types of construction activities, reflecting the weakening construction demand for private sector projects over the review period, with new projects awarded in recent years insufficient to take up the slack for projects completed or nearing completion.

Public sector certified payments fell by 11.1% from S$16.5 billion in 2016 to S$14.6 billion in 2017, dragged by the decline in public residential building and civil engineering works. However, major ongoing projects in institutional and other, industrial and commercial developments, such as the expansion of the Liquefied Natural Gas Terminal Phase 3, Sengkang General and Community Hospital, Woodlands Integrated Health Campus and JTC Space @ Tuas, were able to provide a slight boost to public sector output.

3.1 Construction Costs, Raw Materials and Labour Issues

Relatively high costs of construction in Singapore

Construction costs are typically categorised into structural costs, architectural costs, mechanical and electrical service costs and external works costs. A comparison of overall construction costs across major cities by Arcadis Singapore Pte Ltd in the first quarter of 2017 found that construction costs in Singapore continued to be significantly higher than most other Asian cities, with only Hong Kong, Macau and to a certain extent Seoul being more costly than Singapore. This is consistent across various types of construction projects and is due to the relatively higher costs of labour in Singapore compared to most other countries.

The BCA Building Works Tender Price Index (TPI) is an indicator that tracks construction costs in Singapore by taking into account the tender price movements of general building works projects in the construction industry. After increasing for two consecutive years in 2013 and 2014, the TPI has fallen since 2015 to reach 96.7 in 2017, reflecting declining construction costs experienced in 2015 through to 2017. This was largely due to the decline in private sector building demand and a softening of plant and equipment costs.

Tightening of regulatory framework on the hiring of foreign workers

Over the review period, the Singapore government has progressively introduced significant policy changes to the labour market regulatory framework, so as to reduce the construction industry's reliance on foreign workers, with the aim of forcing industry players to innovate, automate and thereby raise the overall productivity rate. A key plank of this approach towards foreign labour is the Man-Year Entitlement (MYE) quota, which is regulated and enforced by the Ministry of Manpower. The MYE quota limits the number of foreign workers that construction companies can hire based on the valuation of the project they are working on, forcing contractors to source for more local workers according to the current applicable MYE quota.

The impact of the MYE quota is that companies can no longer quickly and cheaply expand their workforce to take on new projects. Instead, they are now forced to hire the more expensive Singaporean labour force once the MYE quota has been exceeded if more labour is needed. In addition to that, a substantial levy for each foreign worker employed will also be required. However, the impact of such higher labour cost has been partially cushioned by falling prices of basic construction materials.

Table 3. Total Wage Changes for Construction Industry, Historical (2012 — 2016)

	2012	2013	2014	2015	2016
Total Y-o-Y Wage Changes (%), excluding Employer CPF.......	3.7	5.2	3.8	3.1	2.1

Note: Data pertains to wage increases granted by private sector establishments (with at least 10 employees) to full-time resident employees in continuous employment for at least a year.

Source: Euromonitor Report

Falling costs of construction materials on the back of weak global demand

The majority of the construction material used by companies in Singapore is imported, with no indigenous production of such materials locally. The most commonly imported and used materials here are ready mixed concrete, steel bars, granite, concreting sand and cement. As global demand for raw materials and commodities fell on the back of weakening economic growth, the price of raw materials used in construction has declined across the board, with the exception of steel.

In general, decreases in the prices of all main construction materials with the exception of steel bars over the review period have resulted in a decrease in overall construction costs, specifically for construction activities requiring these construction materials. Although the prices of main construction materials are expected to remain low, it is important to note that these prices are subject to volatile demand and supply factors stemming from global economic conditions, which may fluctuate over short intervals as seen in the volatile global prices for steel bars.

Improvement in workplace safety in construction industry

In Singapore, the Workplace Safety and Health Act covers the safety, health and welfare of workers in the construction industry, a sector which has historically experienced the highest rate of workplace fatalities and injuries. This is largely due to the risky nature of construction work, as well as the large number of labourers in this industry, which increases the probabilities of accidents occurring. The Workplace Safety and Health Act defines the responsibilities of employers in ensuring the safety of workers, and also allows for penalties to be imposed on errant employers in violation of the Act.

While the major injury rate and minor injury rate experienced a surge in 2014 when there was a significant increase in the number of accidents at construction sites, there had been noticeable improvements observed since then. This was largely due to the increased enforcement of the penalty system for the construction sector, for example longer mandatory period in stop-work orders, which has been effective in reducing accident rates and penalising errant companies who blatantly flout safety rules. The number of workplace fatal industries saw the best improvement with a 24.0% CAGR decline over the review period.

3.2 Market outlook

Key contributors to public and private sector construction demand

Total construction demand in Singapore is forecasted to increase to S$31.0 billion in 2018, with a healthy boost in demand from both public and private sectors in Singapore. The public sector is expected to be the continued driver of growth in 2018, as demand is forecasted to increase from S$15.8 billion in 2017 to S$19.0 billion in 2018, accounting for about 61.3% of the total construction demand. The positive outlook for the public sector is expected to be a response to the cooling state of the construction industry in Singapore in the previous years. It is expected to witness increasing demand for institutional construction works and civil engineering projects. The private sector's construction demand is also forecasted to improve from S$9.0 billion in 2017 to S$12.0 billion in 2018. The improving economic condition of Singapore and the rally behind the Singaporean property market are expected to be drivers of the growth in private sector demand.

In terms of the public sector, civil engineering projects for infrastructure is expected to continue to be the key growth driver for overall construction demand going forward, accounting for a forecasted 51.6% of public sector construction demand in 2018. Examples of some projects include the North-South Corridor, MRT development and Deep Tunnel Sewerage System Phase 2.

These projects are expected to increase the value of this segment to S$9.8 billion in 2018, up from S$8.3 billion in 2017. Institutional and other works is forecasted to be the second key driver of construction demand in the public sector, accounting for 23.2% of the public sector demand in 2018 at S$4.4 billion. This segment anticipates major projects such as the redevelopment of the National Skin Centre and Woodlands Integrated Health Campus, and construction of educational facilities for Institutes of Higher Learning in Singapore. The third segment expected to drive growth in the public sector demand would be residential projects involving the construction of new HDB flats and other public housing spaces. They are expected to contribute 16.3% of the public sector demand in 2018 at S$3.1 billion.

In terms of the private sector, the residential segment is expected to remain the largest contributor to construction demand, accounting for 30.0% of the total private sector demand in 2018. Major projects such as the development of condominiums at Shunfu Road, Stirling Road, Hougang Avenue 7 and Upper Serangoon Road are expected to drive growth in the segment at S$3.6 billion in 2018. Industrial projects are also likely to contribute to private sector construction demand, estimated to account for 27.5% of total private sector demand in 2018 at S$3.3 billion. These projects include an upcoming automotive hub at Jalan Terusan and a recycling facility in Northern Singapore. The third contributor of private construction demand in the private sector is expected to come from commercial projects, consisting of office buildings at Central Boulevard and Harbour Drive. These projects have an expected value of S$2.5 billion in 2018, contributing 20.8% to the private sector construction demand in 2018.

Table 4. Construction Demand Pipeline in Singapore, Forecast (2018 — 2022)

Value of Contracts Awarded (S$ billion)	2017 (Preliminary)	2018 (Forecast)	2019-2020 (Forecast)	2021-2022 (Forecast)	CAGR 2018 - 2022
Total	24.8	31.0	33.0	35.0	3.1%
• Public	15.8	19.0	20.0	20.0	1.3%
• Private	9.0	12.0	13.0	15.0	5.7%

Source: Euromonitor Report

4. Warehouse construction in Singapore

Warehouse Contract Value and Number of Projects Awarded as Indicators of Revenue Receipts

Table 5. Warehouse Construction Value of Contracts Awarded, 2013 — 2017

Number of Projects with Value of Contracts Awarded	Less than S$10M	S$10M to S$30M	S$30M to S$50M	S$50M to S$100M	S$100M and Above	Count
2013	9	3	3	8	—	23
2014	9	9	2	4	5	29
2015	13	5	4	4	3	29
2016	9	7	4	2	—	22
2017	17	2	1	4	1	25

Source: Euromonitor Report

The number of warehouse construction projects awarded over the review period has been above 20 every year, peaking at 29 in 2014 and 2015. Most warehouse projects had contract values of less than S$10 million and were of a short duration, usually taking about a year to complete. In 2017, 17 or 68.0% of the projects awarded were valued at less than S$10 million, 10 of which were completed within the same year. Warehouse projects valued above S$100 million were less common and typically had an estimated duration of at least two years. The one project that was valued at S$100 million and above in 2017 was the construction of a six-storey data centre for Global Switch Singapore, with an expected completion date in October 2018.

Warehouse Construction Revenue Receipts

Table 6. Warehouse Construction Revenue Receipts, Historical (2013 — 2017) & Forecast (2018 — 2022)

Historic	2013	2014	2015	2016	2017	CAGR 2013 - 2017
Revenue Receipts of Warehouse Construction in Singapore (S$ million)	927.6	692.7	948.2	855.3	769.8	-4.6%
Growth (%)	—	-25.3%	36.9%	-9.8%	-10.0%	—

Forecast	2018 (Forecast)	2019 (Forecast)	2020 (Forecast)	2021 (Forecast)	2022 (Forecast)	CAGR 2018 - 2022
Revenue Receipts of Warehouse Construction in Singapore (S$ million)	777.5	793.0	808.9	825.1	841.6	2.0%
Growth (%)	1.0%	2.0%	2.0%	2.0%	2.0%	—

Source: Euromonitor estimates from desk research and trade interviews with leading warehouse construction service providers and relevant trade associations in Singapore

Certified payments display a cyclical trend as they represent the completion of construction projects and actual level of construction activity taking place. These are dependent on two factors: 1) the lead time between the commencement date and estimated completion date, and 2) the value of the contracts. Over the review period, the revenue receipts from warehouse construction decreased by a CAGR of 4.6%, reaching S$769.8 million in 2017. In general, construction demand for industrial projects fell sharply by 36.4% from S$5,778.5 million in 2015 to S$3,676.2 million in 2016 (see Table 1), and this has contributed to the decline in subsequent revenue receipts in 2016 and 2017.

In terms of duration, 10 out of the 25 contracts that were awarded in 2017 were completed within the same year. The remaining 15 projects had completion dates that extended into 2018 and 2019. For the projects that were awarded in previous years with durations extending into 2017, three were awarded in 2014 with three years of duration on average, nine in 2015 with 2.5 years of duration on average, and seven in 2016 with 1.5 years of duration on average. Overall, these projects contributed to the total warehouse revenue receipts in 2017. However, in terms of the contract value, 68.0% of the awarded projects in 2017 were valued at less than S$10 million. The revenue received were insufficient to drive growth from the previous year.

Market Outlook on Warehouse Construction Revenue Receipts

Revenue receipts of warehouse constructions are forecasted to grow at a CAGR of 2.0% to reach S$841.6 million in 2022. As of the date of the Euromonitor Report, there are 16 projects that are due to complete in 2018, and seven in 2019. These projects are expected to drive growth in terms of revenue receipts in 2018. In terms of contract value, one project is valued at S$100 million and above, which is the construction of a data centre for Global Switch Singapore. Apart from that, there are also seven projects valued between S$50 million to S$100 million, such as the construction of a six-storey warehouse at Penjuru Lane which was awarded in 2015, a three-storey ramp-up warehouse at Tuas Avenue 1 which was awarded in 2016, and an eight-storey warehouse at Subview Road which was awarded in 2017. There are also three projects valued between S$30 million and S$50 million, such as the construction of a seven-storey warehouse at Pioneer Road. These projects will contribute to the positive outlook on revenue receipts expected in 2018.

4.1 Market trends

Increasing investments in Singapore by international logistics companies

Singapore has a strategic location in Southeast Asia with developed air and sea infrastructure and strong network of trade agreements. This has since improved the country's standing as a central logistics hub to serve the region, and hence gained prominence as the Leading Logistics Hub in Asia. This has attracted large logistics service providers such as DHL, Toll Group, Panalpina and Kuehne + Nagel among others to invest heavily in their infrastructure and operations in Singapore, to establish their presence in Asia and compete on a global level.

In 2016, global logistic firms such as DHL Supply Chain established a S$160 million Advanced Regional Centre (ARC) with the intention to create a model for the future of warehousing in land-scarce countries and dense cities where land availability is limited and expensive. Its choice to locate this first-of-its-kind facility in Singapore highlights the attractiveness of Singapore as a global and regional logistics hub worldwide.

Increasing demand for warehouses with special requirements

An important trend witnessed in the warehouse construction industry is the retrofitting of existing warehouses to incorporate new technology and improve its efficiency. With the expansion of a number of e-commerce and logistics companies in Singapore, the need to build new warehouses with special requirements such as chill rooms, data centres and sensitive electronics are also increasingly in-demand to align itself with the changing nature of industry and commerce in Singapore. The growing demand for consolidated data centres as well as online retailing of groceries have all driven demand for such climate-controlled warehouses in Singapore. Warehouses in Singapore are also commonly constructed as integrated developments including other types of commercial and industrial buildings such as offices, retail spaces and factory space, to maximise yield and diversify its potential tenant pool and possible usage. Hence, contractors which take on warehouse construction projects are either capable of handling such different construction projects concurrently, or partner with multiple contractors or sub-contractors to develop the entire project overall.

Increasing adoption of technology, data analytics and the internet-of-things

The Singapore government, in the 2016 Construction Industry Transformation Map (ITM), launched the Design for Manufacturing and Assembly (DfMA) approach to transform the construction industry to be more technologically advanced by improving productivity and addressing constraints such as labour inadequacies. The Prefabricated Prefinished Volumetric Construction (PPVC) is a concept under the DfMA scheme which emphasises off-site constructions using technology and assembly of prefinished parts in a manner similar to Lego bricks. This is meant to speed up the construction process while reducing the reliance on labour and human capital. The DfMA approach has ushered in a new trend in the construction of all types of projects, with contractors implementing proprietary PPVC tech to ensure manpower savings in the future.

Within the logistics industry, technological advancements are expected to improve performance and enhance sensing capabilities to replace manual handling via robots and automated solutions. Coupled with the rising use of data analytics and the Internet-of-Things, the industry is moving towards delivering more integrated, quicker and safer supply chains.

4.2 Market drivers

Government Push for Digital and Technological Advancements

The unveiling of the Logistics ITM by the government of Singapore in November 2016 is a key driver in boosting demand for next-generation logistics facilities, including warehouses. This push is aimed at using best-in-class supply chain practices and technological innovation to capture growth opportunities in the sector and face challenges such as limited land, slowing employment growth and increasing competition from other countries. This has driven the demand and investments from global supply chain companies to establish their logistics bases in Singapore.

The initiatives introduced under this roadmap is expected to create many new opportunities for growth in the warehousing construction sector over the next five years, as existing warehouses will invest in retrofitting and upgrading their functionalities, as well as introduce new technologies to meet rising demand for such productivity-boosting features. Demand for new state-of-the-art warehouses is also expected to grow, especially as large logistics companies across the world increasingly enter and ramp up their infrastructure investments in Singapore.

Formation of Logistics Alliance

Four logistics-related trade associations and chambers have set up a new industry group named Logistics Alliance in 2017 to pool their resources and expertise together to lead specific initiatives, explore joint projects and collaboration opportunities, as well as to work together on developing the logistics industry in Singapore. This new collaborative initiative is expected to drive new and significant logistics projects in Singapore. This includes establishing mega warehouses to serve diverse needs and to manage collectively, as well as to lead new collaborations on warehousing projects.

Access to the Internet and Mobile in Asia

Online retailing has become popular especially in Asia's emerging markets, following the increasing access to the internet and increasing mobile penetration rates. This has driven the demand for timely, reliable logistics and transportation services.

Online retail giants such as Amazon has also entered the Southeast Asian market via Singapore to ride on the popularity of online retail. It has since established its PrimeNow service with a large fulfilment centre and warehouse at Toh Guan. Similarly, Chinese e-Commerce giant Alibaba has also established its presence in Singapore, having acquired a 14.4% stake in local postal service provider Singapore Post, and a 83.0% stake in Singapore-based e-commerce site Lazada.

Market entry by global e-Commerce companies is expected to significantly boost the demand for warehousing developments in Singapore, which are modernised, efficient and automated. This is expected to result in new warehousing projects, as well as revamp and improvement works to existing warehouses to meet new demands.

Singapore's Extensive Network of Trade Agreements

Singapore has an extensive network of trade agreements. As of 2018, it has 21 implemented Free Trade Agreements (FTAs) with 32 trading partners. The country has recently completed negotiations for the European Union-Singapore Free Trade Agreement and the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership. These agreements are aimed at improving market access between Singapore and the EU and the American region, ensuring Singapore's importance as a well-connected market in Southeast Asia. More trade movements as a result of better market access is expected to drive warehouse construction demand in Singapore.

4.3 Market Constraints

Rising Manpower Costs and Skilled Labour Squeeze

Construction is traditionally a labour intensive industry with a shortage of manpower. Singapore's construction industry has thus always been heavily reliant on skilled foreign manpower. Depending on the worker's country of origin and skill level, the monthly levy rate ranges from S$300 to S$950. For larger companies with more resources and are capable of making the necessary capital investments in machinery and automation to make up for the lack of manpower, the existing manpower shortage also threatens to constrain their activities in the short-term during the transition period. Hence, for both larger and smaller companies in construction, the growth of the industry may be severely constrained by the manpower shortage.

Fluctuations in Construction Material Costs

As Singapore lacks significant natural resources to tap on, majority of the materials typically used in construction, such as steel bars, cement, sand and granite, are imported from regional suppliers. It also lacks the flexibility to switch to new suppliers in the event of a supply shortage, as these materials are heavy and expensive to transport and not readily procurable at short notice. Hence, the construction industry in Singapore is highly vulnerable to external shocks to the price and supplies of these materials.

Huge Capital Outlay due to Equipment and Machinery

Contractors and vendors in the construction industry require significant capital outlay for entry in the market. Apart from the heavy machinery and equipment needed to build the units, companies are also required to source raw materials, go through the regulatory mechanism, hire a large number of skilled labour and architects and carry out specific logistics procedures. These business processes involve a large amount of capital expenditure, serving as a major barrier of entry for prospective new entrants in the market.

Government's Push for Radical Change and Technology Adoption

BCA estimates the presence of around 8,000 small and medium sized contractors in Singapore. The most recent barrier to entry for new prospective entrants has been the radical push towards advanced technology adoption, such as the use of automation and data analytics. The implementation and adoption of the DfMA approach and PPVC technology has become a major barrier to existing firms and prospective newcomers since it increases the immediate costs by about 10.0% and pose as a short-term inconvenience. Moreover, adoption of the technology requires trained and highly skilled manpower which is difficult to come by in the construction industry and in the current labour environment. Large vendors have celebrated these initiatives by the government since they reduce the reliance on foreign labour, but a number of small and medium-sized contractors have closed operations as a result of the rising costs.

5. Competitive Landscape

5.1 Ranking of leading service providers for General Building works

There were 1,560 contractors who received revenue from general building works in 2017, indicating an extremely fragmented building construction industry in Singapore. As a result, market shares of the top five players were very small. It would not be meaningful to report the market shares of these players which operate in different sectors of the general construction industry.

As of March 2018, there are a total of 1,886 registered contractors for general building works. Within this number, 92 are registered as an A1-graded contractor, representing 4.9%. In terms of the other grades, there are 46 A2-graded, 78 B1-graded and 84 B2-graded general building contractors. C3-graded contractors with a minimum paid up capital of only S$25,000 are the largest group within general building contractors with 1,143 contractors, accounting for 60.6% of all general building contractors. Typically being small in size, they have basic equipment and relatively lower technical expertise compared to their peers in the A and B grades.

Based solely on Euromonitor's estimates from desk research and trade interviews with leading general building works providers and relevant trade associations in Singapore, which are conducted in line with the methodologies and assumptions set out at the beginning of this section, Euromonitor believes that HPC Builders is ranked the 15th service provider for general building works in terms of revenue receipts in 2017 with a 0.6% market share. HPC Builders offers four types of services — general building, civil engineering, interior decoration and finishing works, and pre-cast concrete work services. In comparison, this is more than what the top five players offer, which are either one or two of the aforementioned services only.

5.2 Ranking of leading service providers for Civil Engineering works

There were 385 contractors who received revenue from civil engineering works in 2017, but the value of the revenue receipts was small. As a result, market shares of the top five players were very small.

As of March 2018, there are 1,015 contractors registered as civil engineering contractors, which is less than general building contractors. This is largely due to the fact that civil engineering contractors require more technical expertise and specialised equipment, given the complex and delicate nature of civil engineering works. In terms of grades, 176 or 17.3% of the total civil engineering contractors were C1-graded, forming the largest graded group within civil engineering. There are also 55 A1-graded, 17 A2-graded, 73 B1-graded, 53 B2-graded and 74 C3-graded civil engineering contractors.

5.3 Ranking of leading service providers for Warehouse Construction works

Table 7. Top 10 Service Providers for Warehouse Construction by Revenue Receipts (2017)

Ranking	Leading Service Providers, in Terms of Revenue Receipts Generated for the Provision of Warehouse Construction Works in Singapore	Market Share (%)	Listed or Private Company
1	HPC BUILDERS	15.2%	Private
2	Service Provider 2	12.1%	Private
3	Service Provider 3	11.9%	Private
4	Service Provider 4	7.1%	Private
5	Service Provider 5	6.1%	Private
6	Service Provider 6	4.6%	Listed
7	Service Provider 7	3.4%	Listed
8	Service Provider 8	2.6%	Listed
9	Service Provider 9	2.6%	Listed
10	Service Provider 10	2.4%	Private

Note: The market share data reported above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the revenue numbers into the relevant categories which were covered in this study. For these companies as well as those companies that are included in the market shares but are not publicly listed, Euromonitor has estimated the markets shares based on estimates provided by various trade sources (i.e. not just the companies themselves) and seeking a consensus on these estimates as much as possible.

Source: Euromonitor estimates from desk research and trade interviews with leading warehouse construction service providers and relevant trade associations in Singapore

Notes:

(1) Service provider 2 is a building construction contractor that provides general building and civil engineering services, including full design and build capabilities for light to heavy industrial building developments.

(2) Service provider 3 is a building construction contractor with expertise in general building, civil engineering, additions and alterations, upgrading works and real estate development works, in both private residential and industrial sectors.

(3) Service provider 4 is a construction services provider headquartered in Hong Kong. Owned by a diversified business conglomerate in Asia and a global infrastructure services group, it has experience in residential, commercial and industrial works.

(4) Service provider 5 is a construction services provider, established in 2008, and a member of a private property development group of companies registered in Singapore.

(5) Service provider 6 is a wholly-owned subsidiary of a holding company listed on the Singapore Exchange, and has experience in residential, commercial and industrial projects.

(6) Service provider 7 is a wholly-owned subsidiary of a local holding group listed on the Singapore Exchange, with experience in residential, civil engineering, commercial and industrial projects.

(7) Service provider 8 is a wholly-owned subsidiary of a British multinational construction company, specialising in general building works.

(8) Service provider 9 is a wholly-owned subsidiary of a local holding company listed on the Singapore Exchange, specialising in the design and building of commercial and industrial facilities.

(9) Service provider 10 is a privately owned construction company, with an A1 grade for general building works and C1 for civil engineering projects.

The warehouse construction sub-sector tends to be dominated by construction companies with a strong presence in the industrial buildings sector. These companies tend to take on more warehouse construction projects alongside other industrial-related projects. Nine of the 10 players are also at least of an A2 grade in providing services for general building works. However, construction companies specialising in warehouse construction only are few in number. This is attributed to the unpredictability of the supply of warehouse construction projects.

As is the case for the overall construction industry, the warehouse construction sub-sector faces risk of consolidation or closure as cost pressures continue to increase and competition becomes more intense. As a result, contractors are facing pressures to keep pace with technology and be transformation-ready, especially small and medium-sized contractors, in order to survive.

As at the Latest Practicable Date, our Directors confirm that we have obtained all necessary and material licences, permits and approvals for our business operations in Singapore and have complied with all applicable laws and regulations that would materially affect our business operations during the Track Record Period, save as disclosed in this section and the sections headed "Risk Factors" and "Business" in this prospectus. For details on the Reorganisation, please also refer to the paragraph headed "History, Reorganisation and Corporate Structure — Corporate Reorganisation" in this prospectus.

The following is a summary of the key laws and regulations of Singapore relevant to our business and the construction industry. Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

Building Control Act

The building and construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. The prime objective of building control is to ensure building works comply with standards of safety, amenity and matters of public policy as described in the Building Control Act of Singapore and its subsidiary legislation.

Under the Building Control Act, no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control ("**CBC**") of the BCA. In the case of structural works, a permit must be granted by the CBC to carry out structural works. Building works mean (i) the erection, extension or demolition of a building; or (ii) the alteration, addition or repair of a building; and include site formation and building operation connected with or carried out for the above purposes.

The Building Control Act and its subsidiary legislation, in particular the Building Control (Licensing of Builders) Regulations 2008, set out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the CBC and builders who work in specialist areas which have a high impact on public safety will require a builder's licence from 16 June 2009. There are two types of builder's licences, the general builder licence and specialist builder licence. The general builder licence is sub-divided into two types: (i) the General Builder Class 1 Licence ("**GB1 Licence**"); and (ii) the General Builder Class 2 Licence ("**GB2 Licence**"). Every licence, unless earlier revoked, is valid for a period of three years and upon expiry, the licence may be renewed.

General Builder Licence

The Builder's Licensing Scheme ("**BLS**") is administered by the BCA. A general builder licence is issued under the BLS and is required for companies which intend to undertake general building works in public or private construction projects. A company with a GB1 Licence can undertake private sector contracts of unlimited value whereas a company with a GB2 Licence can undertake private sector contracts of not more than S$6.0 million each.

Both HPC Builders and DHC Construction have been granted the GB1 Licence by the BCA under the BLS. The work scope under the general builder licence includes all general building works as well as the following minor specialist building works: (i) all specialist building works associated with minor specialist building works; (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three metres, a clear span of less than six metres and a plan area not exceeding 150 square metres; and (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

In addition to the above minor specialist building works, a company with a general builder licence may also conduct all types of construction works, including all forms of specialist works if the project does not require checks from an accredited checker, but cannot undertake works designated as specialist works to be carried out only by companies holding a specialist builder licence. If a company does not hold a general builder licence or specialist builder licence, the company is unauthorised to carry out general or specialist building works, respectively. An unlicensed builder will be committing a criminal offence and liable on conviction to an imposition of a fine or imprisonment or to both.

All companies holding the GB1 Licence and undertaking projects with general building works of contract value of more than S$20 million will need to deploy a prescribed minimum number of construction personnel who are registered under the Construction Registration of Tradesmen Scheme (CoreTrade). A licensed builder is required to lodge a manpower programme with the CBC setting out the number of registered construction personnel to be employed in connection with each class of work in the project and the period each registered construction personnel is to be employed. If any licensed builder fails to comply with the CoreTrade requirements, the CBC may revoke the GB1 Licence.

Specialist Builder Licence

A specialist builder licence is also issued under the BLS and is required for company which intend to undertake specialist building works in six prescribed categories, based on the types of work to be carried out: piling works, ground support and stabilisation works, site investigation works, structural steelwork, pre-cast concrete work or in-situ post-tensioning work. A company with a general builder licence will be eligible to register as a specialist builder so long as it meets the specialist builder licensing requirements. There is no restriction on the number of specialist categories that a general builder may register in. HPC Builders has been granted the Specialist Builder Licence (Pre-Cast Concrete Work) by the BCA under the BLS for pre-cast concrete work comprising fabrication of precast structural elements.

To maintain the GB1 Licence, the following conditions must be met by both HPC Builders and DHC Construction:

Financial	**Approved Person[(1)]**		**Technical Controller[(2)]**	
Minimum Paid-Up Capital	*Course*	*Practical Experience*	*Course*	*Practical Experience*
S$300,000	A course leading to a Bachelor's degree or postgraduate degree in any field	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or post-graduate degree in a construction and construction-related fields	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification

or

Financial	Approved Person[1]		Technical Controller[2]	
Minimum Paid-Up Capital	*Course*	*Practical Experience*	*Course*	*Practical Experience*
	A course leading to a diploma in a construction and construction-related fields	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		
	or			
	A course conducted by BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

To maintain the Specialist Builder Licence (Pre-Cast Concrete Work), the following conditions must be met by HPC Builders:

Financial	Approved Person[1]		Technical Controller[2]	
(Minimum Paid-Up Capital)	*Course*	*Practical Experience*	*Course*	*Practical Experience*
S$25,000	A course leading to a diploma in a construction-related field, or a Bachelor's degree or postgraduate degree in any field	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or post-graduate degree in the field of civil or structural engineering from a recognised institution.	At least five years (in aggregate) of practical experience in the execution of specialist building works of that class (whether in Singapore or elsewhere) after attaining the corresponding qualification.
	or			
	A course conducted by the BCA known as "Essential Knowledge in Construction Regulations and Management for Licensed Builders".	At least eight years (in aggregate) of practical experience in the execution of construction projects in Singapore.		

Notes:

(1) The approved person is the appointed key personnel under whose charge and direction of the management of the business of the licensee, insofar it relates to general building works or specialist building works in Singapore, is to be at all times. The approved personnel shall be the sole-proprietor, partner, director or member of the board of management of the licensee. If an employee of the licensee is appointed as the approved person, he shall be employed in such a manner and with such similar duties and responsibilities of a director or member of its board of management. The approved person shall not have acted as an approved person or the technical controller of a licensee whose licence has been revoked in the 12 months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorship). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.

(2) The technical controller(s) is/are the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the licensee, undertakes to be carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities of a partner/director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a licensee whose licence has been revoked in the 12 months preceding the date of application. The appointed technical controller is not acting, and for so long as he is the technical controller for the licensee that he does not intend to act, as a technical controller for any other holder of licence. The technical controller must give his consent that he is to carry out the duties of a technical controller for the licensee.

As at the Latest Practicable Date, both HPC Builders and DHC Construction have satisfied the above requirements of the GB1 Licence relating to the approved person and technical controller. Mr. Shi, our Executive Director and Chief Operations Officer, who has over 30 years of experience in the construction industry, is the approved person for both HPC Builders and DHC Construction. Mr. Tong Jianyue, who has more than 20 years of experience in the construction industry is the technical controller of HPC Builders. Mr. Tong Jianyue graduated from Tongji University (Shanghai Institute of Urban Construction) with a degree of Bachelor of Civil Engineering in 1991. Mr. Yeo Shou Pin, who has more than eight years of experience in the construction industry, is the technical controller of DHC Construction. Mr. Yeo Shou Pin graduated from Liverpool John Moores University with a degree of Bachelor of Science in Building Contract Management in 2008.

As at the Latest Practicable Date, HPC Builders has also satisfied the above requirements of the Specialist Builder Licence relating to the approved person and technical controller. Mr. Shi, our Executive Director and Chief Operations Officer, who has over 30 years of experience in the construction industry, is the approved person for HPC Builders. Mr. Lim Boon Siew, who has over 10 years of experience in the construction industry, is the technical controller of HPC Builders.

Contractors Registration System

Registration with the Contractors Registration System ("**CRS**") maintained by the BCA is a pre-requisite to participate in construction tenders or carry out construction projects as main or subcontractors for the public sector. A company involved only in private sector projects need not register with the CRS and will only require a builder's licence under the BLS. A company will need to have a builder's licence issued under the BLS in order to be registered with the CRS. 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.

Presently, there are seven major categories of registration: Construction (CW), Construction-Related (CR), Mechanical and Electrical (ME), Maintenance (MW), Trade Heads for subcontractors (TR), Regulatory Workhead (RW) and Supply (SY). There is a further sub-classification of these seven categories into a total of 63 workheads. Each major category of registration is also subject to six to seven financial grades.

Registration with the BCA is dependent on the fulfilment of specific requirements by the contractor, including the value of previously completed projects, personnel resources, and consistent and continuous good performance. The grade assigned to each contractor under the respective category is dependent on its financial capability (paid-up capital, minimum net worth, audited accounts etc), the relevant technical personnel (full-time employed, recognised professional, technical qualification, valid licences etc), management certifications and its track record in relation to completed projects.

Each grade under the respective workheads corresponds with a tendering limit which is valid for one year from 1 July to 30 June. The tendering limit may be adjusted every year by the BCA depending on the economy driving the construction industry in Singapore.

HPC Builders is registered with the CRS under the CW01 workhead for General Building at the A1 Grade, CW02 workhead for Civil Engineering at the B1 Grade, CR06 workhead for Interior Decoration & Finishing Works at the L5 Grade and the CR10 workhead for Pre-Cast Concrete Works at the L5 Grade. Accordingly, HPC Builders is able to:

- As a holder of a GB1 Licence, undertake private sector contracts for general building works (excluding works designated as specialist works) of any value;

- As a holder of a Specialist Builder Licence (Pre-Cast Concrete Work), undertake private sector contracts for pre-cast concrete work;

- Under the General Building (CW01) category at the A1 Grade, tender for contracts for public sector projects of an unlimited contract value, for all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. The scope of work includes addition and alteration works on buildings involving structural changes, and installation of roofs;

- Under the Civil Engineering (CW02) category at the B1 Grade, tender for contracts for public sector projects of a contract value not exceeding S$40 million (being the tendering limit from 14 November 2017 to 30 June 2018, noting that from 1 July 2016 to 30 June 2017, and from 1 July 2017 to 13 November 2017, at the C3 Grade, the tendering limit shall be S$0.65 million), for 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, dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material, reclamation works, marine piling and the construction of marine structures such as jetties, wharves, sea and river walls;

- Under the Interior Decoration & Finishing Works (CR06) category at the L5 Grade, tender for contracts for public sector projects of a contract value not exceeding S$13 million (being the tendering limit from 1 July 2016 to 30 June 2017, and from 1 July 2017 to 30 June 2018), for interior design, planning and the decoration of buildings, including ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling; and

- Under the Pre-Cast Concrete Works (CR10) category at the L5 Grade, tender for contracts for public sector projects of a contract value not exceeding S$13 million (being the tendering limit from 1 July 2016 to 30 June 2017, and from 1 July 2017 to 30 June 2018), for fabrication and installation of precast concrete products including slabs, panels and beams.

DHC Construction is registered with the CRS under the CW01 workhead for General Building at the C1 grade. Accordingly, DHC Construction is able to:

- As a holder of a GB1 Licence, undertake private sector contracts for general building works (excluding works designated as specialist works) of any value; and

- Under the General Building (CW01) category at the C1 grade, tender for contracts for public sector projects of a contract value not exceeding (i) S$4 million from 1 July 2016 to 30 June 2017 (being the tendering limit from 1 July 2016 to 30 June 2017); and (ii) S$3.8 million from 1 July 2017 to 30 June 2018 (being the tendering limit from 1 July 2017 to 30 June 2018), for all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. The scope of work includes addition and alteration works on buildings involving structural changes, and installation of roofs.

In order to maintain existing BCA gradings, there are certain requirements to be complied with, including but not limited to requirements relating to minimum paid-up capital and minimum net worth, employment of personnel (including registrable professionals ("**RP**"), professionals ("**P**") and technicians ("**T**"), and track record of past projects or contracts secured.

To maintain HPC Builders' CRS grading under the respective categories, HPC Builders must comply with the following requirements:-

Workhead/ Title/ Grade	**Requirements**	
CW01/ General Building/ A1	Minimum paid-up capital and minimum net worth	S$15 million
	Management	To employ at least 24 RP/P/T with a minimum of eight RP and one RP/P/T with SDCP/CCPP To make an annual Continuing Education & Training declaration before 30 November of each year
	Track record (over a five year period prior to renewal)	To secure projects with an aggregate value of at least S$150 million, with a minimum S$75 million from projects in Singapore, S$112.5 million from main contracts or nominated subcontracts and a minimum size single main contract or nominated subcontract of S$37.5 million (percentage of subcontract value taken into consideration shall be 50.0%)
	Certification	ISO9001:2008 (SAC) ISO14000 OHSAS18000 Green and Gracious Builder Scheme

Workhead/ Title/ Grade	Requirements	
CW02/ Civil Engineering/ B1	Minimum paid-up capital and minimum net worth	S$3,000,000
	Management	To employ at least six RP/P/T of which minimum two RP and one RP/P/T with SDCP/CCPP
	Track record (over a five year period prior to renewal)	To secure projects with an aggregate value of at least S$30,000,000 of which a minimum sum of S$15,000,000 is from main contracts (nominated subcontracts may be included) and the minimum size of a single main contract (or nominated subcontract) is S$7,500,000. Only the value of the civil engineering project will be accepted
	Certification	ISO9001:2008 ISO14001 OHSAS18001 Green and Gracious Builder Scheme GB1 Licence
CR06/Interior Decoration & Finishing Works/ L5	Minimum paid-up capital and minimum net worth	S$500,000
	Management	One P or two T, one with at least eight years of relevant experience, with minimum one P/T with BCCPE
	Track record (over a three year period)	To secure projects with an aggregate contract value of at least S$10 million, with a minimum S$1 million from projects in Singapore
	Certification	—
CR10/ Pre-Cast Concrete Works/ L5	Minimum paid-up capital and minimum net worth	S$500,000
	Management	one P and one RP with at least five years of relevant experience of which minimum one RP/P with BCCPE Specialist Builder Precast Concrete Work Licence SB(PC)
	Track record (over a three year period)	To secure projects with an aggregate contract value of at least S$10 million, with a minimum S$1 million from projects in Singapore
	Certification	BizSAFE Level 3 / OHSAS18001 Specialist Builder Pre Cast Concrete Work Licence SB(PC)

To maintain DHC Construction's BCA C1 grade under the General Building (CW01) category, DHC Construction must comply with the following requirements:

Workhead/ Title/ Grade	Requirements	
CW01/ General Building/ C1	Minimum paid-up capital and minimum net worth	S$300,000
	Management	To employ at least one RP/P and one T, with minimum one RP/P/T with BCCPE
	Track record (over a five year period prior to renewal)	To secure projects with an aggregate value of at least S$3 million
	Certification	Safety Management Certificate awarded by BCA or OHSAS18000

Notes:

(1) A registrable professional ("**RP**") must have a minimum professional qualification in architecture, civil/structural engineering or equivalent recognised by the Professional Engineers Board (PEB), BCA or Board of Architects Singapore (BOA).

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

(3) A technician ("**T**") must have a minimum qualification of (i) a technical diploma in architecture, building, civil/structural mechanical, electrical engineering or equivalent awarded by BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (ii) a National Certificate in Construction Supervision (NCCS) or Advance National Building Qualification (NBQ) or Specialist Diploma in M&E Coordination awarded by BCA Academy; or (iii) such other diplomas or qualifications as approved by BCA from time to time.

(4) A five-month Specialist Diploma in Construction Productivity ("**SDCP**") conducted by the BCA Academy to keep participants abreast of the latest productive technologies and trends, and encourage adoption of such technologies and processes.

(5) The BCA Certified Construction Productivity Professional ("**CCPP**") Scheme accords recognition and grooms a pool of competent construction professionals who would lead the push for sustained productivity improvement within the construction industry. As part of the registration criteria, the professional must be able to demonstrate his capability and dedicated efforts in improving productivity of construction project sites. These efforts can include contribution and applications of ideas, management/technical skills which lead to significant productivity growth for the project sites.

(6) Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) ("**BCCPE**"). This certificate is obtained after having attended a course conducted by the BCA Academy. Should the director of a company be the only person possessing a BCCPE, he cannot utilise the same BCCPE to satisfy the requirements of another company of which he is also part of.

Further information on the qualifications and licences of HPC Builders and DHC Construction is set out in the paragraph headed "Business — Main Qualifications, Licences and Certifications" of this prospectus.

Environmental Laws and Regulations

The Environmental Public Health Act (Chapter 95 of the laws of Singapore) ("**EPHA**") requires, amongst 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. The EPHA also regulates, amongst 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 dealt with by the Ministry of Environment of Singapore and/or its statutory board, the National Environment Agency ("**NEA**"), summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

The Environmental Protection and Management Act (Chapter 94A of the laws of Singapore) seeks to regulate the levels of air pollution, water pollution, land pollution and noise control in Singapore by regulating the activities of various industries. 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 the construction site shall not exceed the maximum permissible noise levels prescribed in such regulations. Further, the owner or occupier of any construction site located less than 150 metres from any hospital, home for the aged sick or residential building is prohibited from carrying out construction work at the construction site during certain days and times specified in such regulations.

BCA has enhanced the Building Control Act and put in place the Building Control (Environmental Sustainability) Regulations 2008 ("**BCESR**"), to require a minimum environmental sustainability standard equivalent to the Green Mark Certified Level for new buildings and existing ones that undergo major retrofitting. The requirements on environmental sustainability of buildings are integrated with the building plan process. The developer or building owner shall engage a qualified person and other appropriate practitioners to assess and score building works under their charge, ensure that the building works are designed with physical features or amenities, and may be carried out using methods and materials to meet the minimum environmental sustainability standard stipulated in the BCESR. The qualified person who submits the building plan will take overall responsibility for ensuring that the minimum environmental sustainability standard is met.

Part IIIB — Environmental Sustainability Measures for Existing Buildings was introduced to the Building Control Act on 1 December 2012, requiring building owners to comply with the BCA's Green Mark Standard for existing buildings when a cooling system is installed or retrofitted, carry out three-yearly energy efficiency audits of building cooling systems and submit information in respect of energy consumption and other related information annually. Accordingly, in the event that we undertake any construction, retrofitting, addition or alteration projects which fall within the scope of the Building Control Act and BCESR, we will be required to conform to the BCA's minimum environmental sustainability standards.

Further information on our environmental management system is set out in the section headed "Business — Environmental Protection" of this prospectus.

Employees

The Employment Act of Singapore 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, amongst others, any person employed in a managerial or executive person (subject to the exceptions set out below).

A workman is defined under the Employment Act as including, amongst others, (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 apprentice; 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, amongst others, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefits, priority of retirement benefits, annual wage supplement and other conditions of work or services, which apply to (i) workmen earning basis 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 covered by the Employment Act regardless of salary levels.

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

Employers are required to make Central Provident Fund ("**CPF**") contributions at monthly rates stated in the Central Provident Fund Act (Chapter 36 of the laws of Singapore) ("**CPF Act**"). An employer must pay CPF contributions for employees who are Singapore citizens or Singapore permanent residents. CPF contributions are due at the end of the month and an employer has a grace period of 14 days to make payment. The employer must pay both the employer's and employee's share of the monthly CPF contribution. However, the employer can recover the employee's share by deducting it from their wages when the contributions are paid for that month.

An employer must pay the foreign worker levy for foreign workers who are work permit holders but does not need to pay CPF contributions for them. An employer is further required to pay the Skills Development Levy ("**SDL**") for all employees working in Singapore. Work permit holders will come under the CPF scheme if they become Singapore permanent residents. This takes effect from the day such work permit holders are granted permanent residency in Singapore.

An employer is required to pay SDL for all employees working in Singapore, including employees employed on permanent, part-time, casual and temporary basis, and foreign employees on work permits and employment pass holders. The SDL for foreign employees is in addition to the foreign worker levy payable to the MOM. The SDL can be paid together with the employees' monthly CPF contributions.

Employment of Foreign Workers in Singapore

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act of Singapore and regulated by the MOM. Under Section 5(1) of the Employment of Foreign Manpower Act, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work permit from the MOM, which allows the foreign worker to work for him. Any person who fails to comply with or contravenes Section 5(1) of the Employment of Foreign Manpower Act shall be guilty of an offence and shall:

- be liable on conviction of a fine of not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

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

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

- approved source countries;
- the imposition of security bonds and levies;
- dependency ceilings based on the ratio of local to foreign workers; and
- quotas based on the man-year entitlements ("**MYE**") in respect of workers from non-traditional sources ("**NTS**") and the PRC.

Approved Source Countries

The approved source countries for construction workers are Malaysia, the PRC, non-traditional sources ("**NTS**") and North Asian sources ("**NAS**"). NTS countries refer to India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS countries refer to Hong Kong (holders of Hong Kong passports), Macau, South Korea and Taiwan.

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

With respect to construction workers from NTS countries and the PRC, basic skilled workers are allowed to work up to a maximum of 10 years, while higher skilled workers would be allowed to work up to 22 years. There is no maximum employment period for all other foreign workers (from NAS countries and Malaysia). The minimum age for all non-domestic foreign workers is 18 years old. The maximum age for Malaysians is 58 years old and the maximum age for non-Malaysians is 50 years old. All workers can only work up to 60 years of age.

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

The MOM requires all new workers in the construction sector from NTS countries and the PRC recruited under the PA scheme to possess either the Skills Evaluation Certificate ("**SEC**") or the Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") before they are allowed to work in Singapore. The SEC and SEC(K) schemes are initiated by the BCA to raise the skill levels of the construction workforce, thus improving productivity and enhancing safety in the construction sector. All workers from NAS countries must possess either the SEC or SEC(K) and all Malaysian workers must possess either, the Sijil Pelajaran Malaysia ("**SPM**") or its equivalent, the SEC or the SEC(K) before they are allowed to work in Singapore.

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

In summary, foreign construction workers would be required to obtain the following before they are allowed to work in Singapore:-

Source of workers	Requirement
(i) PRC (submitting new applications under the PA scheme) (ii) NTS countries (India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines) (submitting new applications under the PA scheme) (iii) NAS countries (Hong Kong, Macau, South Korea and Taiwan)	• SEC or SEC(K) issued or accepted by the BCA • Attend and pass the CSOC • Pass medical examination by doctor registered in Singapore
Malaysia	• The SEC, the SEC(K), the SPM or its equivalent • Attend and pass the CSOC • Pass medical examination by doctor registered in Singapore

Security Bonds

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

Foreign Worker Levy

The employment of foreign workers is also subject to the payment of levies. The foreign worker levy, commonly known as "levy", is a pricing mechanism to regulate the number of foreign workers in Singapore. Employers pay the levy according to the qualifications of the foreign workers employed and the dependency ceiling. The levy liability will start from the day the temporary work permit or work permit is issued, whichever is earlier. It ends when the permit is cancelled or expires. The levy rates for each year are subject to changes as and when announced by the Singapore government.

As at the Latest Practicable Date, a levy of S$700 will apply to basic skilled workers (workers who possess SEC or SEC(K)), and a levy of S$300 will apply to higher skilled workers registered under the CoreTrade Scheme or issued with certifications recognised by the BCA with at least four years of construction experience in Singapore. Foreign workers with at least two years' working experience in the construction sector will qualify for the MYE waiver. The monthly levy rate for the construction sector is as follows:-

Worker Category	Monthly Levy Rate (S$) (1 July 2016 — 30 June 2017)	Monthly Levy Rate (S$) (Commencing from 1 July 2017)
Workers from Malaysia and NAS countries — higher skilled	300	300
Workers from Malaysia and NAS countries — basic skilled	650	700
Workers from NTS countries and the PRC — higher skilled and on MYE	300	300
Workers from NTS countries and the PRC — basic skilled and on MYE	650	700
Workers from NTS countries and the PRC — higher skilled and MYE waiver	600	600
Workers from NTS countries and the PRC — basic skilled and MYE waiver	950	950

Dependency ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore citizen or Singapore permanent resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers.

Man-Year Entitlement ("MYE")

The MYE allocation system is a work permit allocation system for the employment of construction workers from NTS countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. Construction workers from NTS countries or the PRC who have worked with any employer for a cumulative period of two or more years in the construction industry, may be hired by main contractors without the need for MYE.

At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least S$500,000. To employ construction workers from NTS countries or the PRC, the employer must make an application for MYE, PAs and in-principle approvals for individual work permits. 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.

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set out by the various government agencies, including NEA, PUB, Singapore Civil Defence Force and BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the Urban Redevelopment Authority, Singapore Land Authority, Jurong Town Corporation, HDB and the Agri-Food and Veterinary Authority of Singapore.

Other conditions of the work permits which employers of foreign construction workers are also required to comply with include: (i) ensuring 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; (iv) insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and (v) purchasing and maintaining medical insurance with coverage of at least S$15,000 per 12-month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than 12 months) for the foreign worker's in-patient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing.

Under Section 22(1)(a) of the Employment of Foreign Manpower Act, an employer or foreign employee to whom a work pass applies or had applied, contravenes any condition (other than a regulatory condition) of the work pass or in-principle approval of the application for the work pass shall be liable for a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Apart from the Employment of Foreign Manpower Act, an employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act and the Immigration Act (Chapter 133 of the laws of Singapore) and the Immigration Regulations.

MOM has implemented a demerit points system for the contractors in the construction sector for breaches of the Workplace Safety and Health Act. An accumulation of a minimum of 25 demerit points within a period of 18 months will immediately trigger debarment for the contractor and applications from the company for all types of work passes for foreign employees will be rejected by the MOM. For details on the demerit points system, please refer to the paragraph headed "Regulatory Overview — Demerit Points System for Construction Sector" of this prospectus.

Workmen's Compensation

The Work Injury Compensation Act, 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 Work Injury Compensation Act does not cover self-employed persons or independent contractors. However, as the Work Injury Compensation Act provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The Work Injury Compensation Act provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the 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 limits stipulated in the Work Injury Compensation Act.

An employee who has suffered an injury arising out of or in the course of his employment can choose to either: (i) submit a claim for compensation through the MOM without needing to prove negligence or breach of statutory duty by the employer (there is a fixed formula in the Work Injury Compensation Act on amount of compensation to be awarded); or (ii) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence. Claims under the Work Injury Compensation Act or under common law can be made up to one year from the date of the accident.

From 1 January 2016, the maximum and minimum compensation limits for death and total permanent incapacity and the cap on medical expenses provided in Work Injury Compensation Act will be increased as follows:

Compensation Type	Accidents before 1 January 2016	Accidents from 1 January 2016
Death	Minimum: S$57,000 Maximum: S$170,000	Minimum: S$69,000 Maximum: S$204,000
Total permanent incapacity	Minimum: S$73,000 Maximum: S$218,000	Minimum: S$88,000 Maximum: S$262,000
Medical expenses	Up to S$30,000 or one year from the date of accident, whichever first	Up to S$36,000 or one year from the date of accident, whichever first

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

Under the Work Injury Compensation Act, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the Work Injury Compensation Act in respect of all employees employed by him, unless specifically exempted. Work injury compensation insurance is required for all employees doing manual work, regardless of salary level, and all employees doing non-manual work, earning less than S$1,600 a month.

An employer must have insurance for both local and foreign employees. Failure to provide adequate insurance is an offence carrying a fine of up to S$10,000 or jail of up to 12 months, or both. An employer has the flexibility to decide whether to maintain insurance in respect of other employees, but will have to compensate them regardless of whether such employees are insured.

Further information on workplace injury occurrence for the construction industry and our Group is set out in the paragraph headed "Business — Workplace Safety Breaches" of this prospectus.

Workplace Safety and Health Laws and Regulations

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

An employer must protect the safety and health of the employees or workers working under his direction, as well as persons who may be affected by their work. An employer must also conduct risk assessments to identify hazards and implement effective risk control measures, make sure the work environment is safe, develop and implement systems for dealing with emergencies and ensure that workers are provided with sufficient instruction, training and supervision so that they can work safely.

In workplaces registered or notified as a factory, the occupier is the person who holds the certificate of registration. An occupier must ensure that the workplace, all pathways to and from the place of work, machinery, equipment, plants, articles and substances are safe and ensure that none of the above poses a risk to anyone within the premises, even if the person is not an employee. The occupier may also be responsible for the common areas used by employees and contractors, including electric generators and motors, hoist and lifts, lifting gears, lifting appliances and lifting machines, entrances and exits, and machinery and plants.

Under the Workplace Safety and Health Act, the Commissioner for Workplace Safety and Health ("**CWSH**") may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the Workplace Safety and Health Act; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The Workplace Safety and Health (Construction) Regulations 2007 applies to all worksites and sets out additional specific duties on employers which include, amongst others, appointing a workplace safety and health coordinator in respect of every worksite to assist and identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice. The Workplace Safety and Health (Construction) Regulations 2007 further sets out the duties of the occupier of a worksite, amongst others, in relation to structures and supports, stability of structures, storage and placement of materials and equipment, protection against falling objects, hazards arising from protruding objects, runways and ramps, entry into building under construction and lighting.

More specific duties imposed on employers and occupiers 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. Under the WSHR, it is the duty of the occupier of a workplace in which the equipment is used to comply with the provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

Further information on our workplace safety and health policy is set out in the paragraph headed "Business — Workplace Safety and Health Policy" of this prospectus.

Demerit Points System for Construction Sector

The MOM has implemented a Demerit Points System ("**DPS**") for the construction sector. Under the previous two-stage DPS, a contractor that received more than 18 demerit points for breaches under the Workplace Safety and Health Act and relevant subsidiary legislation within a 12-month period would receive a formal warning from the MOM. Thereafter, the contractor's points would be reset to zero and the contractor would enter the second stage of the two-stage DPS. Only after a further accumulation of 18 new demerit points would the contractor be debarred from hiring foreign workers and applications from the contractor for all types of work passes for foreign employees would be rejected by the MOM. Under this previous two-stage DPS and during the Track Record Period, HPC Builders received cumulative demerit points of 15 points in April 2015 with a validity of 12 months due to certain incidents for breaches of workplace safety regulations that took place in March 2015.

The MOM has implemented an enhanced single-stage DPS since 1 July 2015. All main contractors and subcontractors in the construction sector will be issued with demerit points with a validity period of 18 months for breaches under the Workplace Safety and Health Act and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the breach. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. The accumulation of more demerit points will result in longer periods of debarment. A list of contractors with demerit points is published on the MOM website. The list of contractors with demerit points is updated as at 11 April 2018 and HPC Builders has a total of 14 demerit points and DHC Construction has a total of 2 demerit points subsisting under the new single-stage DPS.

For details of the abovementioned non-compliance incidents, please refer to paragraph headed "Business — Regulatory Compliance — Workplace Safety Breaches" of this prospectus.

Under the current enhanced single-stage DPS, the number of demerit points issued to contractors will be based on the severity of the offences committed:

Type of incident	Demerit Points	Effective Date
Composition fines	1 point per fine from the 4th composition fine onwards	Date of MOM's decision to offer composition fines
Stop work order (partial)	5	Date of stop work order issued
Stop work order (full)	10	Date of stop work order issued

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

Demerit points for a contractor are calculated by adding the points accumulated from all the worksites under the same contractor. Contractors, including all main and subcontractors, who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. The following table indicates the scope and duration of debarment for the accumulated demerit points:-

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

Business Under Surveillance Programme

The Business Under Surveillance ("**BUS**") Programme is a programme launched by the MOM in 2006 to help companies with poor workplace safety and health records to develop or improve on their safety and health management system. A company may be placed under the BUS Programme if it has (i) had fatal accidents; (ii) demonstrated poor workplace safety and health management; and/or (iii) accumulated demerit points under the DPS implemented by the MOM.

The BUS Programme is divided into two phases: assessment and surveillance. At the assessment phase, the MOM's Occupational Safety and Health Division ("**OSHD**") will conduct a thorough review of the company's risk assessment and management system. If the company fails the assessment, it will come under close surveillance. At the surveillance phase, the company's management must develop and commit to a comprehensive and sustainable action plan. The company is accountable for implementing their action plan and is required to report its progress regularly to the OSHD. The OSHD Surveillance Branch also conducts frequent inspections to verify the progress made.

A company will be allowed to exit from the BUS Programme when it demonstrates significant improvements in its workplace safety and health performance and management.

Conditions for exiting the BUS Programme include: (i) developing and inculcating the practice of Last Minute Risk Assessment among the workers, a simple and brief mental assessment conducted by the worker before he starts work to ensure that there is no potential risk involving safety and health and that preventive measures are in place; and (ii) submitting a continual improvement plan to be monitored post exit from the BUS Programme.

Further information on the BUS Programme is set out in the paragraph headed "Business — Workplace Safety and Health Policy — BUS Programme" of this prospectus.

Street Works Act

Under the Street Works Act of Singapore, no person shall carry out any works on any public street, public bridge or on any street which is to be declared public unless he has obtained the prior approval of the Land Transport Authority ("**LTA**"). Pursuant to the Street Works (Works on Public Streets) Regulations, any contractor who has within any one calendar month, been awarded a total number of 200 or more demerit points shall be deemed to be a person who is not fit and proper to be entrusted with the carrying out of any works on any public street and LTA may revoke its approval of the appointed contractor and suspend the carrying out of works until another contractor has been appointed. The length of the suspension depends on the number of suspensions that the contractor already had in the past two years, as indicated in the following table:

Number of Suspensions in the past two years	Period of Suspension
0	3 months
1	3 months
2	6 months
3	24 months

During the period of suspension, the defaulting contractor cannot be appointed for any new work application. However, the LTA will allow ongoing works listed in its records to continue till completion. According to the Code of Practice issued by the LTA, the contractor shall be responsible for the safe execution of the works in compliance with the requirements stipulated therein and the permit issued by the LTA. The contractor is also required to ensure that appropriate traffic control plans are implemented on site.

Fire Safety Act

The Fire Safety Act of Singapore provides that the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence ("**CCD**") for approval of the plans of the fire safety works in accordance with the Fire Safety (Building and Pipeline Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans for approval. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works. Any person who commences or carries out or permits or authorises the commencement or carrying out of any fire safety works without approval of the plans by the CCD shall be liable on conviction to a fine or imprisonment or both.

Companies Act

HPC Builders and DHC Construction are both private companies limited by shares and are both indirectly wholly-owned subsidiaries of our Company, incorporated and governed under the provisions of the Singapore Companies Act and its regulations.

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

Singapore Taxation

Corporate Tax

The prevailing corporate tax rate in Singapore is 17.0% with effect from the year of assessment 2010. In addition, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically 75.0% of up to the first S$10,000 of a company's normal chargeable income, and 50.0% 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 17.0%.

For the years of assessment 2013 to 2015, all companies were granted corporate income tax rebate of 30.0% of the corporate tax payable, capped at S$30,000 per year of assessment. For the year of assessment 2016, companies were granted a corporate income tax rebate of 50.0%, capped at $20,000. For the year of assessment 2017, companies were granted a corporate income tax rebate of 50.0%, capped at $25,000. For the year of assessment 2018, companies will be granted a corporate income tax rebate of 40.0%, subject to a cap of $15,000. For the year of assessment 2019, companies will be granted a corporate income tax rebate of 20.0%, subject to a cap of $10,000. The Inland Revenue Authority of Singapore will compute and allow the corporate income tax rebate automatically.

Dividend Distributions

Singapore adopts the one-tier corporate taxation system, under which 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. 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.

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

The Goods and Services Tax, commonly known as "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 7.0%.

IMPORTANT MILESTONES

The following illustrates our major business development milestones and achievements:

Date	Event
November 2004	HPC Builders was incorporated (under the name of "SCG Builders Pte. Ltd." ("**SCG Builders**")) in Singapore.
May 2010	HPC Builders was awarded a public infrastructure project for works on an expressway in Singapore, with a subcontract value of approximately S$21.8 million.
August 2010	HPC Builders was granted a GB1 Licence by BCA under the BLS which enables our Group to undertake contracts for general building works in both public and private sectors.
July 2012	HPC Builders was awarded a project for erection of warehouse buildings and open storage area on the Western Islands planning area in Singapore, with a subcontract value of approximately S$57.0 million.
December 2013	HPC Builders was registered by BCA under the CRS under the CW02 workhead for "Civil Engineering" at C3 Grade, enabling our Group to tender directly for civil engineering projects in the public sector of contract value of up to S$0.65 million.
April 2014......................	HPC Builders was awarded a contract for construction of a warehouse as the main-contractor with a contract value of approximately S$72.0 million.
May 2014	HPC Builders was registered by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade, enabling our Group to tender for and undertake contracts for general building works in the public sector of unlimited contract value.
September 2014	HPC Builders was awarded a contract for construction of a warehouse as the main-contractor with a contract value of approximately S$135.3 million.
September 2015	HPC Builders was awarded a contract for construction of a warehouse as the main-contractor with a contract value of approximately S$134.5 million.
November 2015	DHC Construction was granted a GB1 Licence by BCA under the BLS which enables our Group to undertake contracts for general building works in both public and private sectors.

Date	Event
September 2016	HPC Builders was registered by BCA under the CRS under the CR06 workhead for "Interior Decoration and Finishing Works" at L5 Grade, enabling our Group to tender directly for projects related to interior design, planning and decoration of buildings in the public sector of contract value of up to S$13 million.
October 2016.................	DHC Construction was acquired by our Group and became an indirect wholly-owned subsidiary of our Company.

OUR HISTORY

History of our Singapore subsidiaries

Our history can be traced back to November 2004 when HPC Builders (then known as SCG Builders) was incorporated in Singapore by Mr. Wang, Mr. Shi and Mr. Wu Jie ("**Mr. Wu**") to engage in the subcontracting business. Subsequently, in January 2013, when the business focus of HPC Builders had been changed from subcontracting to main contracting, DHC Construction was incorporated by Mr. Shi with his personal funds to engage in the subcontracting business. For the experience of Mr. Wang and Mr. Shi, please refer to their biographies in the section headed "Directors, Senior Management and Employees" in this prospectus. The following sets forth the corporate development of the principal operating subsidiaries of our Group, since their respective dates of incorporation.

HPC Builders

HPC Builders was incorporated in Singapore on 18 November 2004 as a private limited company. Upon its incorporation, HPC Builders had an issued share capital of S$80,000 divided into 80,000 shares of S$1 each, and was held as to 40,000 shares, representing a shareholding of 50.0%, by Mr. Wang, as to 30,000 shares, representing a shareholding of 37.5%, by Mr. Shi and as to 10,000 shares, representing a shareholding of 12.5%, by Mr. Wu, with each of Mr. Wang, Mr. Shi, Mr. Wu contributing S$40,000, S$30,000 and S$10,000, respectively.

On 8 September 2006, on a pro rata basis, 110,000 shares, 82,500 shares and 27,500 shares of S$1 each in HPC Builders were allotted, issued and credited as fully paid at par to Mr. Wang, Mr. Shi and Mr. Wu, respectively, by way of capitalisation of dividend of HPC Builders and payment of directors' fee of S$110,000, S$82,500 and S$27,500 payable to each of them, respectively. Upon completion of such share issuance, the issued share capital of HPC Builders was increased to S$300,000 divided into 300,000 shares of S$1 each.

On 25 April 2007, Mr. Wu transferred 15,000 shares and 22,500 shares, to Mr. Wang and Mr. Shi for a cash consideration of S$15,000 and S$22,500, respectively, which were settled on the same date. Upon completion of such transfers, Mr. Wu ceased to be interested in the shares of HPC Builders, and HPC Builders became held as to 55.0% by Mr. Wang and 45.0% by Mr. Shi.

Mr. Wang, on 9 July 2009, transferred 165,000 shares of S$1 each, being all the shares in HPC Builders held by him, to his spouse, Ms. Zhou Yingzi (周英姿) ("**Ms. Zhou**") for a consideration of S$165,000 (the "**Sale Consideration**"), in order to avail HPC Builders from negative impact from the Investigations (as defined and further detailed in the paragraph headed "Business — Litigation — Prior to the Track Record Period" in this prospectus). As Ms. Zhou is the spouse of Mr. Wang, the Sale Consideration was not paid at the time of the transfer.

On 22 March 2010, HPC Builders increased its share capital on a pro rata basis, and 385,000 shares and 315,000 shares of S$1 each in HPC Builders were allotted, issued and credited as fully paid at par to Ms. Zhou and Mr. Shi, respectively, by way of capitalisation of dividend of HPC Builders of S$385,000 and S$315,000 payable to each of them, respectively. Upon completion of such issuance, the issued share capital of HPC Builders was increased to S$1,000,000 divided into 1,000,000 shares of S$1 each.

Subsequently, as Mr. Wang had clarified his situation and received comfort from his legal advisers on the likely outcome of the Investigations, on 28 October 2010, Ms. Zhou transferred 550,000 shares, being all the shares in HPC Builders held by her, to Mr. Wang for a consideration of S$550,000 (the "**Purchase Consideration**") at the direction of Mr. Wang. As Mr. Wang is the spouse of Ms. Zhou, and given that Ms. Zhou has not paid the Sale Consideration, Mr. Wang did not pay the Purchase Consideration and Ms. Zhou unconditionally waived all rights to demand payment for all or any part of the Purchase Consideration from Mr. Wang and/or any other rights in connection with the shares of HPC Builders.

On 17 September 2012, on a pro rata basis, 3,025,000 shares and 2,475,000 shares of S$1 each in HPC Builders were allotted, issued and credited as fully paid at par to, respectively, Mr. Wang and Mr. Shi, by way of capitalisation of dividend of HPC Builders of S$3,025,000 and S$2,475,000 payable to each of them respectively. Upon completion of such issuance, the issued share capital of HPC Builders was increased to S$6,500,000 divided into 6,500,000 shares of S$1 each. Subsequently, on 1 April 2014, 4,675,000 shares and 3,825,000 shares of S$1 each in HPC Builders were further allotted, issued and credited as fully paid at par to, respectively, Mr. Wang and Mr. Shi, by way of capitalisation of dividend of HPC Builders of S$4,675,000 and S$3,825,000 payable to each of them respectively. Upon completion of the allotment and issuance of shares in April 2014, the issued share capital of HPC Builders was increased to S$15,000,000 divided into 15,000,000 shares of S$1 each, with each of Mr. Wang and Mr. Shi holding 8,250,000 shares and 6,750,000 shares, representing 55.0% and 45.0% interest in HPC Builders, respectively.

The share capital of HPC Builders remained unchanged after the aforesaid allotment and issuance of shares in April 2014. On 27 October 2016, pursuant to the Corporate Reorganisation, HPC Builders became an indirect wholly-owned subsidiary of our Company held through HPC Investments. Details of the Corporate Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in this section.

The abovementioned transfers and issuances were properly and legally completed.

DHC Construction

DHC Construction was incorporated in Singapore on 18 January 2013 as a private limited company by Mr. Shi. Upon its incorporation, the issued share capital of DHC Construction was S$100,000 divided into 100,000 shares of S$1 each, and 100,000 shares of S$1 each were allotted, issued and credited as fully paid at par to Mr. Shi for consideration of S$100,000.

On 6 June 2014 and 25 August 2015, the issued share capital of DHC Construction was increased by S$200,000 and S$700,000 respectively, with 200,000 shares and 700,000 shares of S$1 each in DHC Construction being allotted, issued and credited as fully paid at par to Mr. Shi by way of contribution by Mr. Shi of S$200,000 and capitalisation of dividend of DHC Construction of S$700,000 payable to Mr. Shi, respectively. Upon completion of such issuances, the issued share capital of DHC Construction was increased to S$1,000,000 divided into 1,000,000 shares of S$1 each.

The share capital of DHC Construction remained unchanged after the aforesaid allotment and issuance of shares in August 2015. On 27 October 2016, pursuant to the Corporate Reorganisation, the entire issued share capital of DHC Construction was transferred from Mr. Shi to DHC Investments at a consideration of S$8,000,000 which was determined based on negotiations between the parties with reference to the net asset value of DHC Construction as shown in its management accounts as at 30 September 2016 and the dividend declared by DHC Construction between such date and the acquisition, which was paid in cash to Mr. Shi on the same date. Upon completion of such transfer, DHC Construction became an indirect wholly-owned subsidiary of our Company held through DHC Investments. Details of the Corporate Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in this section. The abovementioned transfer was properly and legally completed. For the financial information of DHC Construction for the year ended 31 October 2015 and the period ended 26 October 2016, being the date immediately before such transfer, as required under Rule 4.05A of the Listing Rules, please refer to Note 35 to the Accountant's Report as set out in Appendix I to this prospectus.

On 24 July 2017, the issued share capital of DHC Construction was increased by S$2,000,000 with 2,000,000 shares of S$1 each being alloted, issued and credited as fully paid to DHC Investments by way of capitalisation of retained earnings. Upon completion of such issuances, the issued share capital of DHC Construction was increased to S$3,000,000 divided into 3,000,000 shares of S$1 each.

History of our Company and our other subsidiaries

Our Company

Our Company was incorporated as a limited liability company in the Cayman Islands on 13 October 2016, with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary Shares of nominal value of HK$0.01 each. At the time of the incorporation, Sharon Pierson subscribed for one Share in the capital of our Company. On the same date, the said issued one Share of HK$0.01 in the capital of our Company was transferred to Tower Point at par value. Upon such transfer, our Company became wholly-owned by Tower Point.

For details of further changes in the shareholding structure of our Company since incorporation, please see the paragraph headed "Corporate Reorganisation" in this section of this prospectus.

HPC Investments

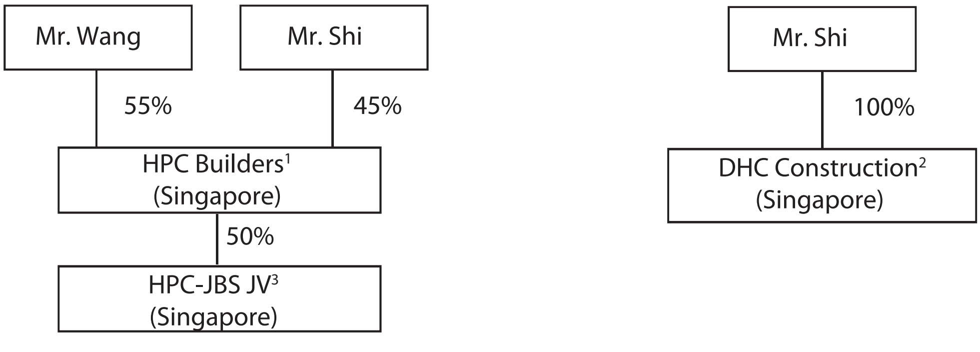
HPC Investments was incorporated as a limited liability company under the laws of BVI on 13 October 2016 with an authorised share capital of US$50,000, divided into 50,000 ordinary shares of nominal value of US$1 each. On 17 October 2016, one share in HPC Investments was allotted and issued to our Company at par value. HPC Investments is an investment holding company.

DHC Investments

DHC Investments was incorporated as a limited liability company under the laws of BVI on 13 October 2016 with an authorised share capital of US$50,000, divided into 50,000 ordinary Shares of nominal value of US$1 each. On 17 October 2016, one share in DHC Investments was allotted and issued to our Company at par value. DHC Investments is an investment holding company.

GROUP STRUCTURE PRIOR TO CORPORATE REORGANISATION

The corporate chart below illustrates the beneficial shareholders and subsidiaries of our Group immediately prior to the Corporate Reorganisation:



Notes:

1. The principal business of HPC Builders is main contracting and subcontracting of construction works.

2. The principal business of DHC Construction is subcontracting of construction works.

3. HPC-JBS JV, a partnership established by HPC Builders and JBS Development, an Independent Third Party, and held as to 50% by each of them, has been deregistered with effect from 1 July 2017.

CORPORATE REORGANISATION

In order to rationalise our organisational structure, our Group underwent the Corporate Reorganisation prior to the Listing which involves the following steps:

(a) On 26 September 2016, Tower Point was incorporated as a limited liability company under the laws of BVI with 50,000 authorised shares of US$1.00 each. The business of Tower Point is investment holding. On 12 October 2016, one share in Tower Point was allotted and issued to Mr. Wang at par value.

(b) On 29 September 2016, Creative Value was incorporated as a limited liability company under the laws of BVI with 50,000 authorised shares of US$1.00 each. The business of Creative Value is investment holding. On 12 October 2016, one share in Creative Value was allotted and issued to Mr. Shi at par value.

(c) On 13 October 2016, our Company was incorporated as a limited liability company in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary Shares of nominal value of HK$0.01 each. At the time of the incorporation, Sharon Pierson subscribed for one Share in the capital of our Company. On the same date, the said issued one Share of HK$0.01 in the capital of our Company was transferred to Tower Point at par value. Upon such transfer, our Company became wholly-owned by Tower Point.

(d) On 13 October 2016, HPC Investments was incorporated as a limited liability company under the laws of BVI with an authorised share capital of US$50,000, divided into 50,000 ordinary shares of nominal value of US$1 each. On 17 October 2016, one share in HPC Investments was allotted and issued to our Company at par value.

(e) On 13 October 2016, DHC Investments was incorporated as a limited liability company under the laws of BVI with an authorised share capital of US$50,000, divided into 50,000 ordinary shares of nominal value of US$1 each. On 17 October 2016, one share in DHC Investments was allotted and issued to our Company at par value.

(f) On 27 October 2016, pursuant to a sale and purchase agreement dated 26 October 2016 entered into by and among Mr. Wang, Mr. Shi, HPC Investments and our Company, Mr. Wang and Mr. Shi transferred 8,250,000 shares and 6,750,000 shares in the capital of HPC Builders, respectively, representing the entire shareholding interest in HPC Builders in aggregate, to HPC Investments, in consideration of HPC Investments directing our Company to allot and issue 549,999 Shares and 450,000 Shares, credited as fully paid, to Tower Point and Creative Value, respectively, on 27 October 2016. Upon completion and settlement of the above transfers, HPC Investments holds 100% of HPC Builders, and each of Tower Point and Creative Value holds 55% and 45% of our Company, respectively.

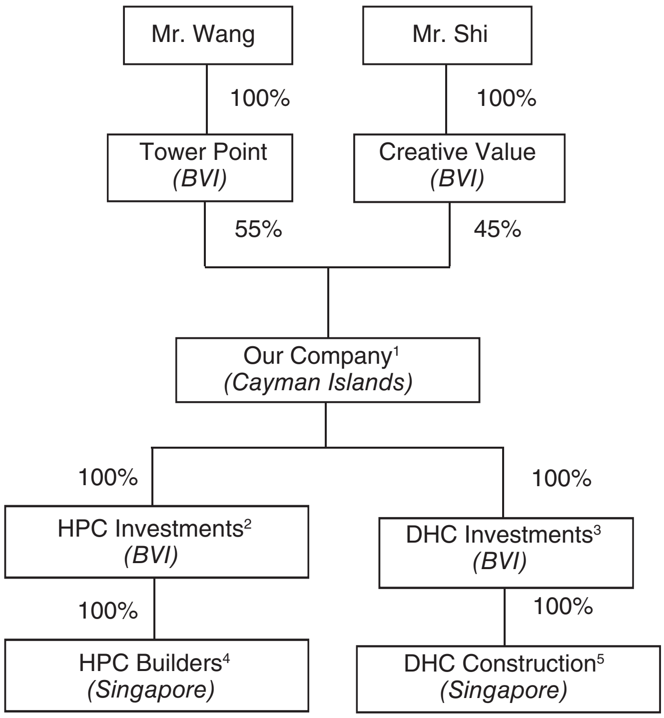
(g) On 27 October 2016, pursuant to a sale and purchase agreement dated 27 October 2016 entered into between Mr. Shi and DHC Investments, Mr. Shi transferred 1,000,000 shares in the capital of DHC Construction, representing the entire shareholding interest in DHC Construction, to DHC Investments, for a cash consideration of S$8,000,000, which was determined based on negotiations between the parties with reference to the net asset value of DHC Construction as at 30 September 2016 and the dividend declared by DHC Construction between such date and the acquisition, and was settled on the same date. The consideration payable by DHC Investments was financed by internal resources of our Group. Upon completion and settlement of the above transfer, DHC Investments holds 100% of DHC Construction.

Each of the share transfers mentioned above, including the acquisition of HPC Builders and DHC Construction, was properly and legally completed and settled.

Our Corporate Reorganisation was completed on 27 October 2016.

GROUP STRUCTURE AFTER CORPORATE REORGANISATION AND BEFORE LISTING

The corporate structure of our Group immediately after the Corporate Reorganisation and immediately prior to the Global Offering (assuming the Over-allotment Option is not exercised and none of the options granted the Share Option Scheme is exercised) and the Capitalisation Issue is set out below:



Notes:

1. The principal business of our Company is investment holding.

2. The principal business of HPC Investments is investment holding.

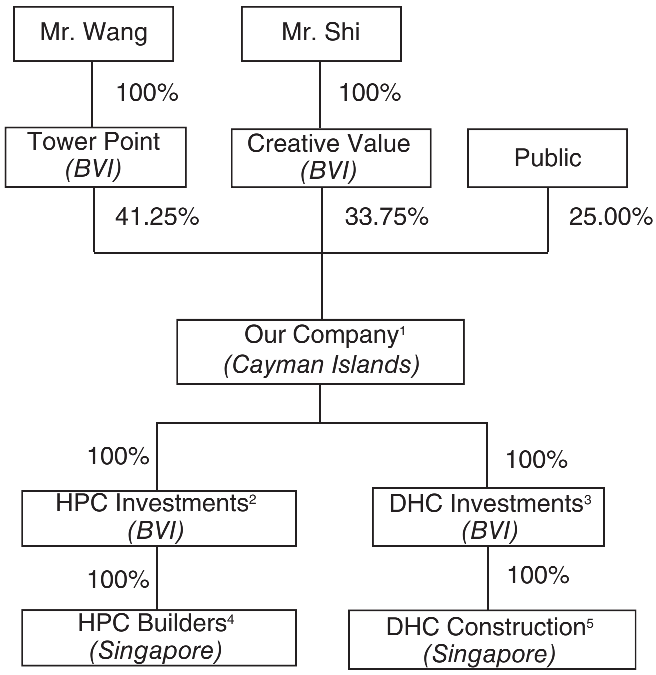
3. The principal business of DHC Investments is investment holding.

4. The principal business of HPC Builders is main contracting and subcontracting of construction works.

5. The principal business of DHC Construction is subcontracting of construction works.

GROUP STRUCTURE AFTER CORPORATE REORGANISATION AND UPON LISTING

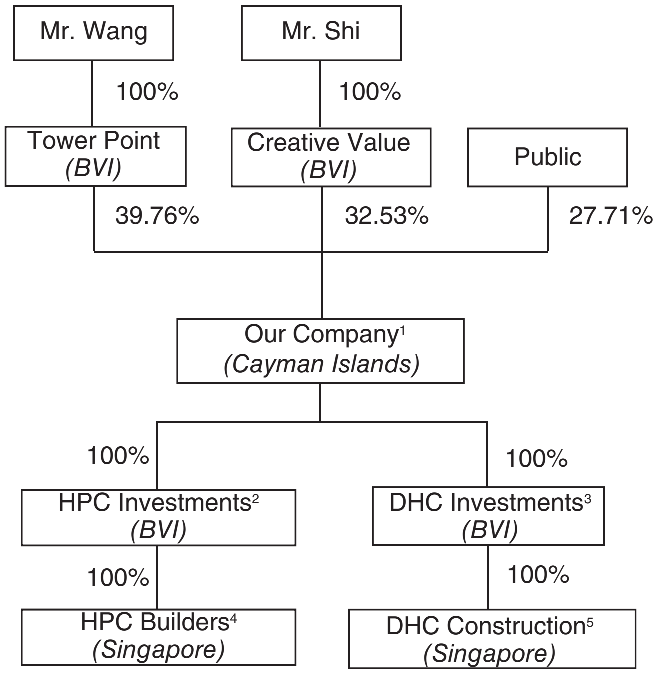
The corporate structure of our Group immediately after the Corporate Reorganisation, the Global Offering (assuming the Over-allotment Option is not exercised and none of the options granted under the Share Option Scheme is exercised) and the Capitalisation Issue is set out below:



Notes:

1. The principal business of our Company is investment holding.
2. The principal business of HPC Investments is investment holding.
3. The principal business of DHC Investments is investment holding.
4. The principal business of HPC Builders is main contracting and subcontracting of construction works.
5. The principal business of DHC Construction is subcontracting of construction works.

The corporate structure of our Group immediately after the Corporate Reorganisation, the Global Offering (assuming the Over-allotment Option is fully exercised and none of the options granted under the Share Option Scheme is exercised) and the Capitalisation Issue is set out below:



Notes:

1. The principal business of our Company is investment holding.
2. The principal business of HPC Investments is investment holding.
3. The principal business of DHC Investments is investment holding.
4. The principal business of HPC Builders is main contracting and subcontracting of construction works.
5. The principal business of DHC Construction is subcontracting of construction works.

OVERVIEW

Established in 2004, we are experienced in the provision of general building and civil engineering works in the construction industry in Singapore. Based on the Euromonitor Report, we are ranked the 15th service provider for general building works in Singapore by revenue receipts in 2017(1) and we are ranked first in warehouse construction works in Singapore by revenue receipts in 2017(2). Warehouse construction works are classified under industrial building works, one of the main sub-categories of general building works. We have been involved in industrial, logistics and warehouse, infrastructure, residential and commercial construction projects in Singapore both as main contractor and subcontractor. We provide construction works in both the public and private sectors in Singapore. Our Group is also actively involved in the provision of subcontractor works to various projects such as the upgrading of HDB flats and construction of MRT stations, schools, factories and highways.

Our competitive advantage lies in our ability to manage and execute construction projects on a timely and reliable basis, including larger scale and more complex projects. Our established track record, experienced management team, in-house design capabilities and large labour force are key factors that allowed us to build up our strong reputation in the local construction industry. Our Executive Directors believe that given our strong track record in warehouse construction and public infrastructure projects, we are able to capture future growth in the industry to further improve our business performance and results.

Our revenue for the years ended 31 October 2015, 2016 and 2017 was approximately S$214.2 million, S$191.3 million and S$201.1 million, respectively. For the years ended 31 October 2015, 2016 and 2017, we achieved net profit after taxation of approximately S$17.5 million, S$25.0 million and S$27.3 million, respectively.

During the Track Record Period and up to the Latest Practicable Date, our Group had completed 15(3) projects as a main contractor, with all projects being in the general building segment. Approximately 95.4%, 92.4% and 94.6% of our total construction contract revenue was derived from construction works as a main contractor for the years ended 31 October 2015, 2016 and 2017, respectively. During the Track Record Period and up to the Latest

Notes:

(1) Based on the Euromonitor Report, our market share for general building works in Singapore by revenue receipts in 2017 is approximately 0.6%.

(2) Based on the Euromonitor Report, our market share for warehouse construction works in Singapore by revenue receipts in 2017 is approximately 15.2%.

(3) Including two projects of DHC Construction that were completed in December 2016, but were awarded before DHC Construction was acquired by our Group.

(4) Including one project of DHC Construction that was completed in January 2017, but was awarded before DHC Construction was acquired by our Group.

Practicable Date, our Group had also completed 11[(4)] projects as a subcontractor, seven of which are in the general building segment and the other four being in the civil engineering segment. Approximately 4.6%, 7.6% and 5.4% of our total construction contract revenue was derived from construction works as a subcontractor for the years ended 31 October 2015, 2016 and 2017, respectively.

We have held a GB1 Licence issued by BCA since 3 August 2010 which enables us to undertake contracts for general building works and civil engineering works in both the private sector and public sector. As a holder of the GB1 Licence, we are able to undertake contracts for general building works and civil engineering works in the private sector of unlimited contract value. Our Group also holds a specialist builder licence for pre-cast concrete work, which enables us to undertake pre-cast concrete work in the private sector of unlimited contract value. For projects in the public sector, as our Group is registered by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade since 27 May 2014, we are also able to tender for and undertake contracts for general building works in the public sector of unlimited contract value. In addition, our Group is registered by BCA under the CRS under the CW02 workhead for "Civil Engineering" at B1 Grade since 14 November 2017, which enable us to tender for civil engineering projects in the public sector of contract value of up to S$40 million. Our Group is also registered under the CR06 workhead for "Interior Decoration and Finishing Works" at L5 Grade since 20 September 2016, which enables us to tender for projects related to interior design, planning and decoration of buildings in the public sector of contract value of up to S$13 million, and the CR10 workhead for "Pre-cast Concrete Work" at L5 grade since 26 May 2017, which enables us to tender for projects related to pre-cast concrete work in the public sector of contract value of up to S$13 million. Please refer to the paragraph headed "Business — Main Qualifications, Licences and Certifications" in this prospectus for further details.

COMPETITIVE STRENGTHS

We believe that our success and future prospects are attributable to a combination of our competitive strengths as set out below:

We are one of the leading construction companies in the construction industry in Singapore, specialising in the construction of industrial and commercial buildings, including warehouses, in both private and public sectors, with an established and proven track record.

We have in recent years established our market position as one of the leading contractors of industrial and commercial buildings in Singapore, in particular, as a warehouse construction contractor. Based on the Euromonitor Report, we are ranked first as a service provider for warehouse construction works by revenue receipts in 2017 in Singapore. We have an established and proven track record in the construction industry that is evidenced by our registration with the BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade since 27 May 2014, which allows us to tender directly for public sector projects in the general building segment of unlimited contract value. As at March 2018, out of 1,886 contractors registered with the BCA under the CRS under the CW01 workhead for "General

Building", 92 contractors were registered at A1 Grade. In addition, several projects completed by our Group have been awarded the Green Mark Award for Buildings under the BCA Green Mark Scheme. The Green Mark Scheme was launched in January 2005 as an initiative to drive Singapore's construction industry towards more environmentally friendly-buildings and it encourages the adoption of an integrated design approach incorporating passive design and various green building technologies to achieve a suitable built environment. We believe that our reputation and track record will continue to help us in our efforts to secure building construction works as well as related subcontract works.

Our Group is well positioned to benefit from the projected expansion of the logistics industry in Singapore with an increasing need for warehouse construction.

Our Group specialises in warehouse construction in Singapore, which has increasing prominence as a top global logistics hub. Our revenue attributable to warehouse construction was approximately 72.8%, 79.1% and 80.8%, of our total construction contract revenue for the years ended 31 October 2015, 2016 and 2017, respectively. Based on the Euromonitor Report, construction demand arising from warehouse construction is expected to grow from 2018 to 2022, driven by, among other things, the Singapore government's plans to reinforce Singapore's position as a global logistics hub which is encapsulated in its Logistics Industry Transformation Map issued in November 2016, as well as the expansion of numerous international logistics companies' operations in Singapore. Singapore has gained prominence as the leading logistics hub in Asia due to its strategic location and, developed air and sea infrastructure and strong network of trade agreements. We believe that the initiatives introduced under Singapore's Logistics Industry Transformation Map is expected to fuel growth in the warehouse construction sector over the next five years, as existing warehouses would invest into retrofitting and upgrading their functionalities, as well as introducing new technologies to meet rising demand for such productivity-boosting features. We believe that our Group is well positioned to capitalise on our strong track record and reputation in warehouse construction to capture the future growth of the logistics industry in Singapore.

We offer one-stop solutions to our customers due to the extensive construction capabilities of our dedicated team.

Our Group provides both main contractor works (mainly through HPC Builders) and subcontractor works (mainly through DHC Construction), which enable us to take on a substantial portion of works required by our customers. We also have in-house design expertise which enables us to undertake design and build construction projects in a more effective manner. In respect of each design and build project undertaken by our Group, our design team works closely with the customer to understand their specific requirements to ensure that the customers' requirements are met. This ensures that we are able to provide higher quality services to our customers. In addition, our Group has an in-house project audit department that allows us to effectively monitor the costs and progress of each project.

In addition, our Group maintains a relatively large workforce of approximately 1,052 employees as at the Latest Practicable Date, in contrast to construction companies of similar nature, which, based on the Euromonitor Report, mostly maintain a workforce of around 300 to 500 permanent workers. Our Group's relatively large labour force enables us to take on large projects and we believe this allows for higher flexibility on project management and better control of our project timeline.

Our Group's ability to cover numerous aspects of a construction project elevates the confidence and trust that our customers have in us. By understanding the needs of our customers, we are also able to deliver quality services and complete projects on time.

Our in-house design team, labour force and performance based system distinguish us from our competitors by allowing us to maintain a high standard of quality and reliability in executing our projects.

As mentioned above, our Group has an in-house design team that allows us to better understand our customers' needs and provide faster and higher quality integrated solutions from planning, design and construction services to customers throughout a project's life cycle. As at the Latest Practicable Date, our design team comprised nine team members and is led by Mr. Tong Jianyue, who has approximately 20 years of local industry experience. We have a comprehensive training and development programme for our workers employed to ensure they are up to standard. This gives us a competitive edge over many of our competitors through effective management for assurance of their capabilities. In addition, our management team is supported by a team of dedicated staff including project managers, project engineers, site managers, audit staff and other managerial staff. As at the Latest Practicable Date, our project management team consisted of 12 project managers.

Our Group has implemented a performance-based remuneration system to attract and retain the best available personnel and to provide additional incentive to our employees. Our projects and project teams are managed by key performance indicators, such as the progress and quality of the projects, that are reviewed by the management and directly linked to the amount of performance bonuses that may be awarded annually to the members of the relevant project team. We believe that this will foster an ownership culture within our Group which aligns the interests of our employees with the interests of our Group and Shareholders. The performance-based incentives also motivate our employees to achieve key financial and operational goals of our Group and/or their respective business units.

Accordingly, our Directors expect that our Group, having the abovementioned qualities, will continue to remain competitive in the market and to maintain a high standard of quality and reliability in executing our projects.

We have an experienced and committed management team and each of our Executive Directors has over 25 years of experience in the construction industry.

Each of our Executive Directors has over 25 years of experience in the construction industry (including more than 15 years of local experience) and is instrumental in formulating our business strategies and spearheading the growth of our business operations. Our Directors believe that the combination of our strong management expertise and knowledge of the industry, together with our employees, have been and will continue to be our Group's valuable assets. Our Executive Directors are supported by an experienced senior management team who each has over 10 years of industry experience. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for detailed work experience of our Directors and senior management team.

BUSINESS OBJECTIVES AND STRATEGIES

Objectives

Our goal is to become a market leading player in the construction industry in Singapore and to deliver our services on a timely and reliable basis, with integrity and good workmanship to meet the customers' expectations and to fulfil the applicable safety and regulatory requirements. Our corporate objective is to achieve a sustainable growth in our business and create long-term shareholders' value. We intend to achieve this by implementing the following corporate strategies:

Our Strategies

To reinforce our market leading position in warehouse construction projects by delivering first class projects to our customers

According to the Euromonitor Report, Singapore has gained prominence as the leading logistics hub in Asia due to its strategic location, developed air and sea infrastructure and strong network of trade agreements. Based on the Euromonitor Report, construction demand arising from warehouse construction is expected to grow from 2018 to 2022, driven by, among other things, the Singapore government's plans to reinforce Singapore's position as a global logistics hub which is encapsulated in its Logistics Industry Transformation Map issued in November 2016 and the expansion of numerous international logistics companies operations in Singapore. We are ranked first as a service provider for warehouse construction works by revenue receipts in 2017 in Singapore according to the Euromonitor Report. Our revenue attributable to warehouse construction was approximately 72.8%, 79.1% and 80.8% of our total construction contract revenue for the three years ended 31 October 2015, 2016 and 2017, respectively. We intend to capitalise on the future growth of the logistics industry in Singapore by taking on more warehouse construction projects as a main contractor, with a view to improving our reputation and further establishing our brand in warehouse construction.

To take on more projects in the public sector, including commercial and industrial projects

Building on our strategy to improve our reputation and brand for warehouse construction projects, we also plan to increase our market share in the public sector of the construction industry in Singapore. According to the Euromonitor Report, construction demand in Singapore is estimated to expand in 2018 largely due to increasing public sector demand, with total public sector construction demand being expected to increase from S$15.8 billion in 2017 to S$19.0 billion in 2018 and S$20.0 billion per annum in 2019 to 2022. We intend to capture the future growth of the public sector in the construction industry in Singapore in order to strengthen our revenue stream. Our Group is experienced in completing and delivering construction projects for the public sector, such as the construction of MRT stations, construction of nursing homes and upgrading of HDB flats. In addition, as at the Latest Practicable Date, we have an ongoing public sector warehouse construction project, four ongoing public infrastructure projects and two ongoing public housing projects. We believe that we are well positioned to capitalise upon our past experience and proven track record to take on more commercial and industrial projects in the public sector, both as a main contractor and as a subcontractor.

Expand our capacity by acquiring more equipment and facilities and increase our productivity and competitiveness through an enhanced focus on talent recruitment and training and an expansion of our labour force

In order to take on more warehouse construction projects and to expand our business in the public and commercial sectors, we intend to expand our capacity by purchasing more facilities and equipment such as mobile cranes, excavators and boom lifts, and to place emphasis on the recruitment, training and development of our employees to reinforce our capital input to take on projects of a larger scale. Our Group intends to further expand the size of our workforce and to recruit relevant personnel such as project managers and engineers with experience in construction projects, so as to increase our capabilities. We believe that the combination of a larger fleet of equipment and facilities, together with our management and technical personnel's collective expertise and knowledge of the industry, would allow us to reinforce our current market position and to capture future growth in the industry.

Continue to emphasise and maintain high standards of project planning, management and implementation

We will continue to collaborate with quality subcontractors in our pursuit of the overall project quality. Our goal is to benchmark our services against world-class contractor standards. More importantly, we will continue to apply our systematic approach to project management to further standardise and streamline different areas of our operations. We will also continue to implement strict quality control measures to monitor our product/service quality and workmanship throughout the project development process. As we expand, it will become increasingly important that we are able to maintain our standards in order to ensure customer satisfaction. We will continue to build on our strong labour force to meet the demands of new challenges on future projects.

OUR STRATEGIC ACQUISITION

On 27 October 2016, our Group acquired 100% of the share capital of DHC Construction for S$8,000,000, as part of the Corporate Reorganisation. DHC Construction was incorporated in Singapore on 18 January 2013 as a private limited company by Mr. Shi, our Chief Operations Officer, Executive Director and a Controlling Shareholder of our Company. For further details please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Our History — History of our Singapore Subsidiaries — DHC Construction" of this prospectus.

DHC Construction is principally engaged in the business of building construction in Singapore, and is engaged primarily as a subcontractor in construction projects, including general building works and civil engineering works. DHC Construction works closely with HPC Builders, which specialises in acting as a main contractor for provision of general building and civil engineering works.

Our Directors believe that the acquisition of DHC Construction is in the interests of our Group as a whole in view of (i) our strategy to offer one-stop solutions to our customers through closer cooperation with our personnel for provision of main contracting and subcontracting services; (ii) expected cost savings as HPC Builders and DHC Construction are able to share business functions and other resources, therefore lowering the aggregate costs of our Group as a single operating entity; (iii) the improvement of the overall profit margin of our Group due to the contribution of the results of DHC Construction that demonstrate a higher gross and net profit margin as it engages mainly in providing subcontracting works; (iv) the increased presence of our Group in the construction industry in Singapore; and (v) the positive impact to the risk profile of our Group due to better control of our costs.

In relation to point (iii) above, a subcontracting business would typically generate higher gross and net profit margins compared to a main contracting business, because of the difference in the cost structure and nature of work of main contracting business and subcontracting business. The main costs of subcontracting business would include costs for raw materials, staff and foreign workers whereas the main costs of main contracting business would include subcontracting costs, as well as costs for raw materials, staff and foreign workers. Nevertheless, as our Group sought to focus its resources on main contractor works since the incorporation of DHC Construction, HPC Builders subcontracted projects where it acted as subcontractors to DHC Construction. For the projects that HPC Builders completely subcontracted to DHC Construction, HPC Builders retained only a small profit margin. As the revenue contributed by these projects as a proportion to the total revenue from subcontracting works increased during the two years ended 31 October 2016, the gross profit margins of subcontractor works decreased during the same period and were lower than the gross profit margins of main contractor works for the years ended 31 October 2015 and 2016.

In relation to the change in cost structure, after our Group acquired DHC Construction on 27 October 2016, our subcontracting costs decreased from approximately S$123.3 million for the year ended 31 October 2016 to approximately S$95.2 million for the year ended 31 October 2017, mainly due to elimination of the subcontracting fees upon consolidation of accounts following the acquisition. In addition, our staff costs increased from approximately S$3.6 million for the year ended 31 October 2016 to approximately S$20.0 million for the year ended 31 October 2017 mainly due to our acquisition of DHC Construction on 27 October 2016 and DHC Construction has a higher staff cost as compared with HPC Builders. For further details on the change to the cost structure after our Group acquired DHC Construction, please refer to the paragraph headed "Financial Information — Description of selected income statement items — Cost of Sales" of this prospectus. Our Directors have confirmed that DHC Construction will act as a subcontractor for both general building works and civil engineering works after listing.

OUR BUSINESS MODEL

The following table sets forth the construction contract revenue of our Group, which arise from our construction projects, in each year ended 31 October 2015, 2016 and 2017, respectively, classified according to the role of our Group, the project sector, the business segment and the project type:

	Construction contract revenue					
	Year ended 31 October					
Classification	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
Main contractor	203,832	95.4	176,708	92.4	190,209	94.6
Subcontractor	9,869	4.6	14,619	7.6	10,866	5.4
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**
Public sector	38,419	18.0	20,360	10.6	55,896	27.8
Private sector	175,282	82.0	170,967	89.4	145,179	72.2
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**
General building works	208,490	97.6	186,636	97.5	193,841	96.4
Civil engineering works	5,211	2.4	4,691	2.5	7,234	3.6
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**
Warehouse	155,575	72.8	151,400	79.1	162,446	80.8
Commercial	19,692	9.2	21,484	11.2	14,038	7.0
Public infrastructure	5,226	2.5	4,691	2.5	7,234	3.6
Others	33,208	15.5	13,752	7.2	17,357	8.6
Total	**213,701**	**100.0**	**191,327**	**100.0**	**201,075**	**100.0**

Main contractor vs Subcontractor

The scope of our Group's construction works vary according to the customers' requirements. Our Group's main contractor works primarily relate to design and build projects for the construction of commercial and industrial buildings such as logistics and warehouses facilities, factories, offices, workshops and carparks and nursing homes. Our main responsibilities consist of (i) overall building construction including A&A works and project management; (ii) supplying or procuring the supply of materials and where necessary, engagement of subcontractors; (iii) ensuring that the works are in accordance with the contract specifications and customers' requirements; and (iv) liaising with various professional parties.

During the Track Record Period, we completed 15[(1)] main contractor construction works with aggregate recognised revenue of approximately S$478.3 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had eight ongoing main contractor construction works of aggregate contract sum of approximately S$309.8 million[(2)] in relation to which approximately S$82.5 million has been recognised as revenue during the Track Record Period and approximately S$183.1 million, S$41.6 million and nil is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively.

Our Group's subcontractor works involve a varied range of activities, such as the erection of certain portions of a building as well as A&A works. Our Group has acted as subcontractor for a wide variety of building and construction projects including (i) industrial buildings such as logistics and warehouses, factories and production buildings; (ii) commercial buildings such as hotels and offices; (iii) schools and other educational institutions; (iv) public infrastructure such as MRT stations, roads and highways; and (v) residential buildings such as HDB flats.

During the Track Record Period, we completed 10[(3)] subcontractor construction works with aggregate recognised revenue of approximately S$7.2 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had five ongoing subcontractor construction works of aggregate contract sum of approximately S$69.8 million[(2)], in relation to which approximately S$27.4 million has been recognised as revenue during the Track Record Period and approximately S$25.6 million, S$4.0 million and S$12.6 million is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively. One of the five ongoing subcontractor construction works as at 31 October 2017 has been completed as at the Latest Practicable Date.

Notes:

(1) Including two projects of DHC Construction that were completed in December 2016, but were awarded before DHC Construction was acquired by our Group.

(2) Adjustment to contract sum has been made on three main contractor construction works and one subcontractor construction work due to variation orders.

(3) Including one project of DHC Construction that was completed in January 2017, but was awarded before DHC Construction was acquired by our Group.

Public sector vs Private sector

Our projects in the public sectors are projects involving the Singapore government and Singapore government-related bodies such as government agencies or statutory boards. Our projects in the public sector relate mainly to the upgrading of HDB flats and construction of MRT stations, as well as construction of nursing homes.

During the Track Record Period, we completed seven[(1)] public sector projects with aggregate recognised revenue of approximately S$35.3 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had eight ongoing public sector projects of aggregate contract sum of approximately S$184.5 million[(2)], in relation to which approximately S$79.4 million has been recognised as revenue during the Track Record Period, and approximately S$79.0 million, S$10.9 million and S$12.6 million is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively. One of the eight ongoing public sector projects as at 31 October 2017 has been completed as at the Latest Practicable Date.

Our projects in the private sector are awarded by private enterprises and include the construction of industrial and commercial buildings, including warehouses.

During the Track Record Period, we completed 18[(3)] private sector projects with aggregate recognised revenue of approximately S$450.3 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had five ongoing private sector projects of aggregate contract sum of approximately S$195.0 million[(2)], in relation to which approximately S$30.4 million has been recognised as revenue during the Track Record Period and approximately S$129.7 million, S$34.7 million and nil is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively.

Notes:

(1) Including one project of DHC Construction that was completed in January 2017, but was awarded before DHC Construction was acquired by our Group.

(2) Adjustment to contract sum has been made to three private sector projects and one public sector project due to variation orders.

(3) Including two projects of DHC Construction that were completed in December 2016, but were awarded before DHC Construction was acquired by our Group.

General building works vs Civil engineering works

Our projects are broadly classified into two types of construction activities: (i) general building works; and (ii) civil engineering works. We have held a GB1 licence issued by the BCA since 3 August 2010. Our Group is registered by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade since 27 May 2014 and under the CW02 workhead for "Civil Engineering" at B1 Grade since 14 November 2017.

General building works refer to all types of building works in connection with any structure that is built for support, shelter and enclosure, as well as addition and alteration works on buildings involving structural changes. Our general building works relate mostly to our design and build projects of warehouses and other industrial or commercial buildings.

During the Track Record Period, we completed 21[(1)] projects for general building works with aggregate recognised revenue of approximately S$480.3 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had nine ongoing projects for general building works of aggregate contract sum of approximately S$324.4 million[(2)], in relation to which approximately S$97.9 million has been recognised as revenue during the Track Record

Period and approximately S$181.9 million, S$41.6 million and nil is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively. One of the nine ongoing projects for general building works as at 31 October 2017 has been completed as at the Latest Practicable Date.

Civil engineering works refer to 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. Our civil engineering works relate mostly to the construction of MRT stations and in relation to expressways in Singapore.

During the Track Record Period, we completed four projects for civil engineering works with aggregate recognised revenue of approximately S$5.2 million. As at 31 October 2017 and based on the terms of the relevant contracts, we had four ongoing projects for civil engineering works of aggregate contract sum of approximately S$55.2 million, in relation to which approximately S$11.8 million has been recognised as revenue during the Track Record Period and approximately S$26.7 million, S$4.0 million and S$12.7 million is expected to be recognised as our revenue for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively.

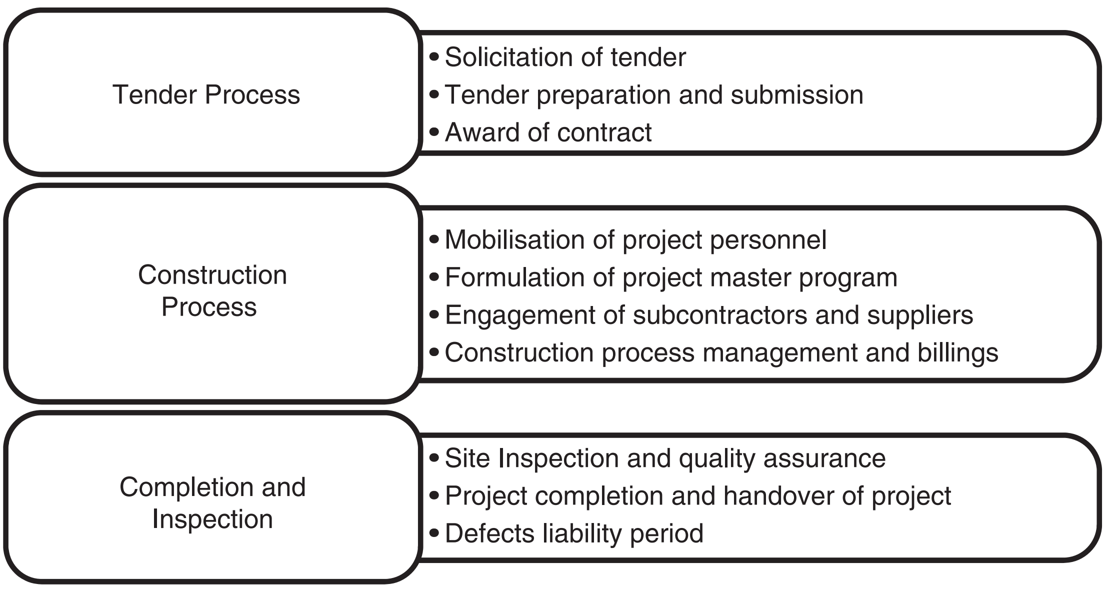
Note:

(1) Including three projects of DHC Construction that were completed in December 2016 and January 2017 respectively, but were awarded before DHC Construction was acquired by our Group.

(2) Adjustment to contract sum has been made to four projects for general building works due to variation orders.

BUSINESS PROCESS AND OPERATIONS

The diagram below illustrates the key stages of our Group's construction works:



A brief description of our business process and operations is set out below:

Tender Process

1. Solicitation of tender

We procure our projects mainly from two sources, (i) for both main contractor and subcontractor works, an invitation to tender from customers or consultants; and (ii) for main contract works, tender opportunities published on the GeBIZ system (the Singapore government's online public tender system). When we receive an invitation to tender for a project, our contract department will review the tender documents and/or project requirements. We also monitor the GeBIZ system regularly for relevant tenders that we can participate in. Please refer to the paragraph headed "Business — Sales and Marketing" in this prospectus for more details.

2. Tender preparation and submission

Before participating in a tender, our contract department will first evaluate our existing work commitments and our technical capability and also ascertain the availability and sufficiency of our resources to complete the project within the timeline stipulated by our prospective customer. Where the potential customer is a new customer, the contract department will also review the potential customer's financial status, reputation and such other relevant information that may assist management to decide whether to proceed with the tender. Our contract manager is experienced in the assessment of projects' requirements for construction works and has knowledge of the market. Once a decision has been made to participate in the tender, we will:

(i) visit the project site and consider the complexity and the risks associated with the project;

(ii) review and study the tender documents to understand the specifications and requirements of the project;

(iii) where applicable, clarify any technical and contractual ambiguities with our prospective customer;

(iv) quantify the tender cost estimate for the entire project, taking into account the quotes obtained from the architect, our subcontractors and suppliers for work required to be undertaken by them and the raw materials required for the project respectively;

(v) having considered the construction method, construction sequence, project specifications and the resources involved in the project, discuss and finalise the tender price for our management's approval; and

(vi) prepare, finalise, and thereafter, submit all relevant documents required by our prospective customer.

Depending on the type, size and complexity of the project, the entire tender preparation and submission process will generally take about four to six weeks.

3. Award of contract

Prior to the award of a contract, we may be required by our prospective customer to attend tender interviews and to clarify certain matters such as the pricing and raw materials offered as well as to respond to any enquiries relating to the tender. Further clarifications and negotiations may take place before the contract is awarded to us. Notification of a successful tender will generally take about one to three months after the close of a tender.

During the Track Record Period, all of our Group's construction projects were obtained by our Group through tendering, with all private sector projects arising from invited tenders and all public sector projects arising from open tenders.

The following table[(1)] sets forth our tender success rates for invited main contractor works tenders submitted during the Track Record Period:

Year ended 31 October 2015			Year ended 31 October 2016			Year ended 31 October 2017		
Number of invited tenders submitted	Number of invited tenders awarded	Success rate (%)	Number of invited tenders submitted	Number of invited tenders awarded	Success rate (%)	Number of invited tenders submitted	Number of invited tenders awarded	Success rate (%)
19	3[(2)]	15.8	17	2	11.8	15	5[(3)]	33.3

Note:

(1) The invited tenders set out in this table are categorised with reference to the financial year in which the tender closing date falls in.

(2) Includes two successful tenders awarded to DHC Construction before it was acquired into the Group under three contracts which contributed to the revenue of our Group during the Track Record Period.

(3) Includes two contracts awarded after the Track Record Period and up to the Latest Practicable Date.

The following table[(1)] sets forth our tender success rates for open main contractor works tenders submitted during the Track Record Period:

Year ended 31 October 2015			Year ended 31 October 2016			Year ended 31 October 2017		
Number of open tenders submitted	Number of open tenders awarded	Success rate (%)	Number of open tenders submitted	Number of open tenders awarded	Success rate (%)	Number of open tenders submitted	Number of open tenders awarded	Success rate (%)
5	0	0.0	9	3	33.3	9	0	0.0

Note:

(1) The open tenders set out in this table are categorised with reference to the financial year in which the tender closing date falls in.

Based on the table above, our success rates from invited main contractor works tenders were approximately 15.8%, 11.8% and 33.3% and from open main contractor works tenders were approximately 0.0%, 33.3% and 0.0% for the years ended 31 October 2015, 2016 and 2017, respectively.

Our Executive Directors are of the view that the slight decrease in number of invited tenders in the year ended 31 October 2016 was mainly attributable to the slowing down of the Singapore economy, as mentioned in the Euromonitor Report, which has resulted in market competition being increasingly intense. However, our invited tender success rate experienced a rebound in the year ended 31 October 2017, despite subdued private sector demand arising from the slowdown in Singapore's property market and economic uncertainties in 2017, as mentioned in the Euromonitor Report.

Based on the Euromonitor Report, construction demand in Singapore is estimated to expand from 2018 onwards largely due to increasing public sector demand. In addition, the Singapore government unveiled its Logistics Industry Transformation Map in late 2016, which provides a roadmap of how the Singapore government plans to invest in reinforcing Singapore's position as a global logistics hub. Our Group intends to capture the future growth of the public sector, in particular, the warehouse construction sector. Given our efforts to capture the growth of the public sector, we were awarded three open tenders in the year ended 31 October 2016. However, due to the fierce competition for projects, our Group participated in an increasing number of tenders in both private and public sector projects to increase our chances of being awarded new projects. As some of the tenders were not in our areas of expertise, we experienced a drop in open tender success rate in 2017.

Once we are awarded a contract, we will review the contract and, where required under the contract, arrange for and provide a performance bond (typically between 5.0% to 10.0% of the contract value) to our customer within the timeline stipulated in the contract. We will also arrange for other necessary preliminary work such as the pre-construction survey, soil investigation and cable detection, prior to the commencement of construction.

Construction Process

4. Mobilisation of project personnel

Our projects are headed by the relevant project manager, who is a supervisory staff from the project department. He has the overall responsibility to manage the project. All project information including the tender documents, clarifications or amendments made in respect to tender, contract and project specifications will be transferred from the contract department to the project department. Our project department will plan the steps to be taken for the project. A project quantity surveyor is also appointed for each project, who will be responsible for the progress claims on a project.

5. Formulation of project master program

A project master program, which is a core document for the management of a project, is formulated for the specific project. The project master program generally sets out in a structured format the project scope, objectives and milestones.

6. Engagement of subcontractors and suppliers

We deploy our own team of skilled workers to complete the projects awarded to us save for certain aspects of the projects, such as M&E works, where we will engage subcontractors to work with us. We will also engage suppliers who will supply us with the raw materials required for the projects. We maintain a list of subcontractors and suppliers who meet the requisite performance, delivery and quality standards set by us. We evaluate, assess and update this list periodically. Subcontractors and suppliers are selected based on, among others, the quality of their products and services, their competitiveness in terms of their pricing, our past working experiences with them and their past performance and compliance with stipulated contract timelines. In particular, safety is a key consideration in our selection of subcontractors, and where all other criteria are equal, the subcontractor with the best safety and health record will be selected.

Our contract department and purchasing department typically obtain around three quotations from approved subcontractors and suppliers, and shall recommend the subcontractors or suppliers based on price, quality, track record and credit terms. Upon selection of a subcontractor or supplier, we will arrange for the signing of letter of award/subcontracting agreement and the subcontractor and/or supplier is obligated to fulfil the services or delivery at the agreed price and in accordance with the schedule. We maintain good working relationships with our subcontractors and suppliers and do not foresee any material difficulties in sourcing for services and materials in the future. Our project management team also holds meetings with our suppliers/subcontractors on a regular basis to discuss progress and issues (if any) encountered or anticipated in a project.

7. Construction process management

The project manager will manage the project in accordance with the project master program. He will hold meetings on a regular basis with the project management team, subcontractors and suppliers, and will closely monitor: (i) raw materials usage to minimise wastage and machinery and plant utilisation to maximise efficiency; and (ii) the progress of work, procurement schedules and technical submission schedules to ensure that they are carried out on schedule in accordance with the project execution plan and within the budgeted costs. Our in-house audit department will also conduct an audit on the monthly cash flow situation of the project.

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

Our Executive Directors monitor our progress claims and deployment of resources in order to manage any foreseeable cost overruns in our projects. Progress payment claims for our projects are typically made monthly. Such claims are prepared by our contract department in coordination with our finance department. Upon certification of our progress claims by our customers based on inspection by their quantity surveyor, we will issue an invoice to our customers, typically with a credit term of 35 days, based on the contract with the customer.

Please refer to the paragraph headed "Business — Quality Control" in this prospectus for further information of various inspection checks throughout the project implementation. Please also refer to the paragraph headed "Business — Key Contract Terms" of this prospectus for more details regarding our progress payment claims arrangements.

Completion and Inspection

8. Site inspection and quality assurance

To ensure the quality of our projects, we conduct regular inspections at each stage of the construction up to the handing over of the completed project to ensure that each stage is constructed according to the building specifications and the prescribed procedures and methods.

9. Completion and handover of project

Our projects usually span a duration ranging between one to three years, depending on the scale and complexity of the project, the construction schedule set up by our customer and the project schedule.

Prior to the completion of a project, our project manager will carry out a thorough joint inspection with our customer. Any defects and/or outstanding works discovered during such joint inspection will be listed down and rectified accordingly. Upon completion of a project, we will proceed to hand over the project to our customer. For main contract works, we will typically receive a TOP or CSC from the BCA, which indicates that our services have been completed, inspected and approved. For both main contract and subcontract works, the project manager and project quantity surveyor will then proceed to prepare the final account of the contract for settlement by the customer.

10. Defects liability period

The contracts entered by us generally provide for a defects liability period from the handover date, date of the TOP or CSC, or other date specified in the contracts, during which we will be responsible for rectifying any defects found in the completed project. The defects liability period is usually 12 to 18 months.

A portion of the contract value, typically between 5% to 10%, may be withheld by our customers as retention money, of which half will be released upon handover of the project and the remaining released upon expiry of the defects liability period. Please refer to the paragraph headed "Business — Key Contract Terms" of this prospectus for more details.

OUR MAJOR PROJECTS

Completed Projects

During the Track Record Period and up to the Latest Practicable Date, our Group had completed 15[(1)] main contractor construction works, all of which were in the general building segment, and 11[(1)] subcontractor construction works, seven of which were in the general building segment and four of which were in the civil engineering segment. Details of such projects with contract sum of S$10 million or more which our Group has completed during the Track Record Period and up to the Latest Practicable Date are set out below:

				Revenue recognised (S$' million)				
				Year ended 31 October				
Description of Works[(1)]	Contract value (S$' million) (based on terms of contract) [(2)]	Year of commencement	Year of completion[(3)]	2015	2016	2017	Track Record Period[(4)]	Outstanding contract sum as at 31 October 2017 [(6)]
Main Contractor Works								
Private general building	36.0	2016	2017	—	1.9	29.4	31.3	4.7
Private general building	134.5	2015	2017	7.0	77.7	48.9	133.6	0.5
Private general building	56.6	2014	2016	19.7	21.1	12.1	52.9	4.7
Private general building	135.3	2014	2016	70.9	55.0	8.8	134.7	4.2
Private general building [(5)]	76.0	2014	2016	50.1	8.7	5.6	64.4	0.4
Private general building	13.2	2013	2015	4.1	4.0	—	8.1	—
Public general building	40.0	2013	2015	24.8	1.5	2.1	28.4	0.2
Private general building	27.5	2014	2015	11.9	0.5	(1.3)[(7)]	11.1	0.2
Private general building	46.3	2013	2014	5.2	1.3	0.5	7.0	0.2
Private general building	12.1	2013	2015	1.8	0.4	0.7	2.9	—
Subcontractor Works								
Public civil engineering	21.8	2010	2016	0.3	0.3	—	0.6	—
Public civil engineering	30.4	2010	2015	1.7	0.1	0.2	2.0	—
Private general building	39.4	2010	2014	0.1	—	—	0.1	—
Private general building	26.6	2010	2015	—	—	—	—	—
Public general building	19.5	2010	2016	0.6	0.3	0.5	1.4	—
Private general building	11.3	2012	2014	—	—	—	—	—
Public general building	14.6	2015	2018	3.2	9.7	2.8	15.7	—

Notes:

(1) As DHC Construction was not a member of our Group prior to 27 October 2016, DHC Construction's projects completed prior to 27 October 2016 are not included in this table. DHC Construction has completed three projects from 27 October 2016 up to the Latest Practicable Date, none of which the contract sum exceeds S$10 million.

(2) The contract value is based on the terms of the contract that was awarded and excludes additional works or variation orders (where applicable).

(3) The year of completion refers to the calendar year and is based on the date of TOP obtained for main contractor works and date of finalisation of accounts for subcontractor works. As a result, there may be recognition of revenue after the completion date for main contractor works as there may be outstanding works to be performed after TOP is obtained, such as maintenance work and variation orders where specification and scope of works are amended from that originally contracted.

(4) The aggregate revenue recognised during the Track Record Period may exceed the contract value due to additional works or variation orders.

(5) This comprises two projects awarded to our Group under the same development, one for the construction of a warehouse (with a contract sum of approximately S$71.7 million) and the other for the construction of a dormitory (with a contract sum of approximately S$4.3 million).

(6) Based on revenue recognised as at 31 October 2017 and actual contract sum including variation orders (if any) as at 31 October 2017.

(7) Negative revenue contribution was mainly attributable to variation orders received from customer resulting in a reduction of contract sum, which led to a reverse of revenue expected to be recognised.

Ongoing Projects

Details of projects with contract sum of S$10 million or more which are currently in progress as at the Latest Practicable Date are set out below:

HPC Builders

Description of Works	Approximate Contract value (S$' million)	Year of commencement and estimated date of completion(1)	Percentage completion (approximate) as at 31 October 2017	Revenue recognised during the Track Record Period (S$' million)	Outstanding contract sum as at 31 October 2017 (S$' million)(3)	Revenue expected to be recognised (S$ 'million) In the year ending 31 October 2018	2019	After 31 October 2019
Main Contractor Works								
Private general building…	72.0	2017 to January 2019	1.5%	1.1	70.9	43.5	27.4	—
Public general building	81.8	2016 to September 2018	40.6%	33.2	48.6	41.6	7.0	—
Public general building	23.0	2016 to September 2017	51.7%	11.9	11.1	11.1	—	—
Private general building......	86.9(2)	2017 to August 2018	24.9%	21.6	65.3	60.5	4.8	—
Private general building….....	24.3	2017 to October 2018	9.9%	2.4	21.9	19.5	2.4	—
Private general building......	15.0	2018 to January 2019	—(4)	—(4)	—(4)	9.6	5.2	0.2
Private general building......	83.8	2018 to February 2019	—(4)	—(4)	—(4)	52.8	29.3	1.7
Private general building......	35.2	2018 to September 2019	—(4)	—(4)	—(4)	11.3	21.1	2.8

Description of Works	Approximate Contract value (S$' million)	Year of commencement and estimated date of completion[(1)]	Percentage completion (approximate) as at 31 October 2017	Revenue recognised during the Track Record Period (S$' million)	Outstanding contract sum as at 31 October 2017 (S$' million)[(3)]	Revenue expected to be recognised (S$ 'million) — In the year ending 31 October 2018	2019	After 31 October 2019
Subcontractor Works								
Public civil engineering	14.2	2015 to December 2018	30.3%	4.3	9.9	8.5	0.8	0.6
Public civil engineering.......	18.3	2015 to September 2018	30.0%	5.5	12.8	12.1	—	0.7
DHC Construction								
Subcontractor works								
Public civil engineering.......	19.9	2017 to December 2022	2.0%	0.4	19.5	5.0	3.2	11.3
Other ongoing projects with contract sum under S$10 million								
—......................................	24.4[(2)]	—	—	14.9	6.9	6.8	0.1	0
Total.................................	498.8	—	—	95.3	266.9	282.3	101.3	17.3

Notes:

(1) Expected completion date in general refers to the expected completion date as specified in the relevant contract.

(2) These contract values have been adjusted due to variation orders and the approximate percentage completion is calculated taking into account variation orders as at 31 October 2017.

(3) Based on revenue recognised as at 31 October 2017 and actual contract sum including variation orders (if any) up to 31 October 2017.

(4) These contracts were awarded after the Track Record Period, as such these columns are not applicable.

The following table sets out the rolling backlog of our Group's projects by contract sum during the Track Record Period:

	As at 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Outstanding contract sum brought forward from prior year/period	346,812[(1)]	296,227[(1)]	275,058[(2)]
Contract value of new projects awarded during the year/period[(4)]	163,116[(1)]	159,744[(1)]	214,562
Revenue recognised from construction projects during the year/period	(213,701)[(1)]	(191,327)[(1)]	(201,075)
Outstanding contract sum carried forward to next year/period	296,227[(1)]	275,058[(2)]	288,545[(3)]

Notes:

(1) DHC Construction's figures are not included as it was not part of our Group as at the relevant reference dates. The outstanding contract sum is inclusive of ongoing and completed projects which our Group has obtained TOP with outstanding revenue to be recognised.

(2) With approximately S$264.6 million arising from HPC Builders' projects and approximately S$10.4 million arising from DHC Construction's projects. DHC Construction's projects completed prior to 27 October 2016 with outstanding revenue to be recognised are included. The outstanding contract sum is inclusive of ongoing and completed projects which our Group has obtained TOP with outstanding revenue to be recognised.

(3) With approximately S$268.5 million arising from HPC Builders' projects and approximately S$20.0 million arising from DHC Construction's projects. The outstanding contract sum is inclusive of ongoing and completed projects which our Group has obtained TOP with outstanding revenue to be recognised.

(4) Based on contract values before any variation order.

The following table sets out the movement of the number of construction projects with revenue contribution to us during the Track Record Period, with breakdown of new projects awarded to us during the year and projects completed during the year:

	For the year ended 31 October		
	2015	**2016**	**2017**
Projects brought forward from prior year(s)	19	12	13[(1)]
Number of new projects awarded during the year[(2)]	4	5	7
Number of projects completed during the year	11	7	7
Projects carried forward to next year	12	13[(1)]	13

Note:

(1) DHC Construction became part of our Group on 27 October 2016, accordingly its three ongoing projects as at 31 October 2016 were included in this number.

(2) The new projects awarded set out in this table are categorised with reference to the financial year in which the projects were awarded based on the dates of the contracts.

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has been awarded with three new projects with contract sums of S$15.0 million, S$83.8 million and S$35.2 million, respectively, all of which are main contractor projects for private general building works.

SEASONALITY

Our Directors consider that neither our business nor our revenue was subject to any material seasonality during the Track Record Period.

PRICING

When we receive an invitation to quote or tender for a project, our contract department will prepare the tender documents/quotation. The tender quotation and the budgeted gross profit margin to be earned from the project will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, our capacity and resources, indicative pricing of our suppliers and subcontractors, and our past experience in tendering for similar projects.

Our contract department analyses the project requirements, labour and material costs and competitive environment to determine the best available tender price. We will obtain quotations from our key subcontractors and suppliers during the tender process for a more accurate estimation of project cost. Key cost of sales that impact the budgeted gross profit margin in our main contractor and subcontractor construction works projects are subcontracting costs and raw material purchases. After the pricing of the tender has been established by the contract department, our Executive Director(s) will make the final decision on our pricing and the submission of our quotation. Once the contract is signed, no pricing adjustment for the contracted scope of works will be made.

During the Track Record Period, none of the projects completed by our Group was loss-making.

QUALITY CONTROL

We have a quality control policy and we are committed to complying with and continually improving our quality management system to ensure that we provide quality building and construction services that consistently meet our customers' expectations, legal requirements and safety standards. Our Group has obtained the OHSAS 18001:2007 certification as well as ISO 9001:2008 and ISO 14001:2004 certifications. Please refer to the paragraph headed "Business — Certifications and Awards" in this prospectus for further information regarding these certifications.

Relevant employees of our Group have completed various trainings and courses related to workplace safety and health, such as the Building Construction Supervisors Safety Course, the Construction Safety Course for Project Managers, the Scissor Lift Operator Course and the Work-At-Height Course for Supervisor.

For incoming purchases at our work sites such as prefabricated reinforcement steel, ready-mix concrete and steel products, our site supervisors will conduct visual inspections and sample tests. The criteria include ensuring the right quantity, type, grade or size of materials (as the case may be) and evidence of defects such as dent, grease, rust or coating defects. We also maintain an approved supplier list and a supplier is first admitted to our list based on the factors, including but not limited to, their market reputation, quality, responsiveness, track record, and existence of quality, environmental, health and safety management systems. The approved supplier list is reviewed periodically and each approved supplier will be reviewed based on its performance, such as its quality, timeliness, responsiveness and environmental, health and safety record.

During the course of the project, our project department assigned site supervisors to inspect the works being carried out by our workers and by our subcontractors, which includes ensuring that each scope of works is carried out as per contract specifications and/or instructions from the customer's representative. Our site supervisors will also inspect the works completed at each stage on a regular basis to ensure that the relevant requirements are met. All our workers and our subcontractors and their workers have to comply with our Project Penalty System for Safety Violations, which is administered by the Workplace Safety and Health (WSH) Committee in respect of each project to enhance safety at the construction site. We also ensure that our workers have undergone the Construction Safety Orientation Course prior to their deployment at the construction site, and stipulate in the subcontract agreements that our subcontractors must ensure the same of their workers.

In order to monitor our subcontractors, we typically:

(i) request that our subcontractors ensure that their workmen follow strictly to the main contractor's workplace safety enforcement on site, and have to use workers who have safety orientation certificates. Safety equipment such as safety helmets/safety boots and safety belts shall be provided by the subcontractor, and workers who fail to comply shall be denied from the worksite;

(ii) require our subcontractors to participate in our on-site toolbox meetings and safety committee meetings so that they can be aligned with our project department on potential workplace safety and health issues and project-related matters; and

(iii) conduct regular inspection of our subcontractors' works.

At the completion of the project, our staff will conduct a final check before arranging for handover to our customer. The checks include inspection on the quality of the finishes (such as of paint, plaster or tiling works) to ensure that there is no visual defect, for instance, misalignment, discolouration, stain or water mark. Safety and regulatory requirements are also to be complied with.

Our Group has not experienced any material disputes with our customers and subcontractors on its projects relating to the quality of our construction works nor significant delay in the delivery of our projects during the Track Record Period and up to the Latest Practicable Date. Our contracts typically include a liquidated damages clause, where if we fail to complete the work scope within the stipulated time and/or cause unnecessary delay to the entire project that result in liquidated damages imposed on our customer, we shall reimburse the customer for some or all of the incurred liquidated damages. There were no material liquidated damages paid by our Group during the Track Record Period.

SALES AND MARKETING

We secure our projects either through open tenders or tenders by invitation. We typically source our projects through preparation of tenders. We obtain information on open tenders through tender notices in government electronic business websites such as the Singapore government's online public tender system GeBIZ. Please refer to the paragraph headed "Business — Business Process and Operations" of this prospectus for details of our tender success rates during the Track Record Period. Participation in tenders by invitation arises from our customers to whom we have previously provided our building construction services, and who have prequalified us based on building construction works undertaken by us previously which meet their requirements for the relevant project. Tender invitations also come from our management's network and relationship with other parties involved in the construction industry in Singapore.

CUSTOMERS

Our customers comprise mainly logistics and supply chain operators, main contractors of building projects and government agencies in Singapore. All our contracts are largely on a project-by-project basis and are typically non-recurring.

We had 20, 21 and 26 customers for our construction projects for the years ended 31 October 2015, 2016 and 2017, respectively, based on the recognition of revenue in each year or period. Our projects usually span a duration ranging between one to three years. Our Directors believe that in the local construction industry, reputation is an important factor for securing new projects and over the years, we have established ourselves as a reputable contractor. Our customers typically consider us for new project opportunities based on our experienced management team and track record of delivering timely and reliable construction works.

For the years ended 31 October 2015, 2016 and 2017, revenue from our five largest customers amounted to approximately S$184.4 million, S$176.3 million and S$152.1 million, and accounted for approximately 86.2%, 92.1% and 75.6% of our revenue, respectively. Revenue from our largest customer for the same periods amounted to approximately S$90.6 million, S$77.7 million and S$48.9 million, and accounted for approximately 42.3%, 40.6% and 24.3% of our revenue, respectively.

The following table sets forth our five largest customers for the years ended 31 October 2015, 2016 and 2017, respectively:

For the year ended 31 October 2017

Customer[11]	Approximate years of relationship with our Group	Type of services provided by our Group	Payment and credit terms granted (based on relevant contract)	Revenue contribution	
				Amount (S$' million)	% of revenue of our Group
Customer A[1]	Four	Main contract general building works	Due 35 days from the date of issuance of Invoice	48.9	24.3
Customer B[2]	One	Main contract general building works	Due 30 days from the date of issuance of Invoice	31.3	15.6
GKE Warehousing & Logistics Pte. Ltd.[3]	One	Main contract general building works	Due 30 days from the date of issuance of Invoice	29.4	14.6
Customer C[4]	One	Main contract general building works	Due 95 days from the date of issuance of Invoice	21.6	10.7
Customer D[5]	Two	Main contract general building works	Due 30 days from the date of issuance of Invoice	20.9	10.4
				152.1	75.6

For the year ended 31 October 2016

Customer(11)	Approximate years of relationship with our Group	Type of services provided by our Group	Payment and credit terms granted (based on relevant contract)	Revenue contribution	
				Amount (S$' million)	% of revenue of our Group
Customer A(1)	Four	Main contract general building works	Due 35 days from the date of issuance of Invoice	77.7	40.6
Customer D(5)	Two	Main contract general building works	Due 30 days from the date of issuance of invoice	76.2	39.8
Customer E(6)	One	Subcontract general building works	Due 35 days from the date of issuance of invoice	9.7	5.1
Customer F(7)	Three	Main contract general building works	Due 35 days from the date of issuance of invoice	8.7	4.5
Customer G(8)	Three	Main contract general building works	Due 35 days from the date of issuance of invoice	4.0	2.1
				176.3	92.1

For the year ended 31 October 2015

Customer(11)	Approximate years of relationship with our Group	Type of services provided by our Group	Payment and credit terms granted (based on relevant contract)	Revenue contribution	
				Amount (S$' million)	% of revenue of our Group
Customer D(5)	Two	Main contract general building works	Due 30 days from the date of issuance of Invoice	90.6	42.3
Customer F(7)	Three	Main contract general building works	Due 35 days from the date of issuance of Invoice	50.1	23.4
Customer H(9)	Three	Main contract general building works	Due 35 days from the date of issuance of Invoice	24.8	11.6
Zhaolim Pte. Ltd.(10)	Three	Main contract general building works	Due 30 days from the date of issuance of Invoice	11.9	5.6
Customer A(1)	Four	Main contract general building works	Due 35 days from the date of issuance of Invoice	7.0	3.3
				184.4	86.2

Notes:

(1) Customer A is a private company incorporated in Singapore, which is principally engaged in providing warehousing and logistics services, transportation services, port and engineering.

(2) Customer B, a statutory board under the Ministry of Trade and Industry of Singapore, is the government agency responsible for the development of industrial infrastructure in Singapore.

(3) GKE Warehousing & Logistics Pte. Ltd. is a private company incorporated in Singapore principally engaged in general warehousing. It is a subsidiary of GKE Corporation Limited, which is listed on the Singapore exchange with a market capitalisation of S$58.5 million as at the Latest Practicable Date.

(4) Customer C is a private company incorporated in Singapore which is principally engaged in real estate development and general warehousing.

(5) Customer D is a private company incorporated in Singapore which is principally engaged in management, development and leasing of office and warehouse facilities.

(6) Customer E is the Singapore branch of a Japanese construction company that is principally engaged in building construction and construction of civil engineering projects.

(7) Customer F, a subsidiary of a Singapore listed company with a market capitalisation of S$72.0 million as at the Latest Practicable Date, is a private company incorporated in Singapore which is principally engaged in providing crane services, building construction and ship building.

(8) Customer G, a subsidiary of a Singapore listed company with a market capitalisation of S$50.8 million as at the Latest Practicable Date, is a private company incorporated in Singapore principally engaged in building construction and development, and provision of crane and related labour contracting services.

(9) Customer H is a ministry of the government of Singapore that manages the public healthcare system in Singapore.

(10) Zhaolim Pte. Ltd. is a private company incorporated in Singapore which is principally engaged in the provision of audio/video technical support and pre/post sound recording production for core media. Zhaolim Pte. Ltd. engaged our Group to design and build a six storey industrial building with a temporary staff canteen. The offices of Zhaolim Pte. Ltd. are housed in the building and the other units are leased to various commercial tenants.

(11) Different customers which belong to the same company group and their joint ventures are regarded as a single customer for the purpose of determining the percentage of our Group's revenue derived from our customers in the tables above.

Our Directors consider that the concentration of our revenue from our five largest customers is mainly due to the fact that our projects are of considerably different scales. In addition, the duration of our projects typically span from one to three years. A sizeable project which we undertake may contribute to a significant portion of our revenue in the particular period and may possibly result in the relevant customer becoming one of our largest customers in that particular period. As a result, the mix and identity of our largest customers may vary from year to year. However, our projects are typically non-recurring in nature. During the Track Record Period, we had a total of 10 different five largest customers, three of which were one of our five largest customers for more than one financial year. Our Directors consider this as a common occurrence in our industry and is not specific to our Group. Further, our Directors are of the view that our business model is sustainable for the following reasons:

(a) we are ranked first as a service provider for warehouse construction in Singapore based on revenue receipts in 2017. Based on the Euromonitor Report, construction demand arising from warehouse construction is expected to grow from 2018 to 2022. Our Directors are of the view that our Group's experience and track record in warehouse construction will place us in an advantageous position when competing for tenders and will allow us to capture the future growth of the logistics industry in Singapore; and

(b) we have experience in undertaking construction projects in the public sector in Singapore. Our track record with government agencies in Singapore will similarly place us in an advantageous position when competing for tenders as these government agencies typically have shared access to their contractors' performance. According to the Euromonitor Report, the public sector is expected to be the continued driver of growth, as total public sector construction demand is expected to increase from S$15.8 billion in 2017 to S$19.0 billion in 2018 and

S$20.0 billion per annum in 2019 to 2022. Our Directors are of the view that we are similarly well placed to capture the future growth of the public sector in the construction industry in Singapore.

During the Track Record Period, we did not have any material disagreement or dispute with any of our customers. All of our five largest customers during the Track Record Period are Independent Third Parties. Our Executive Directors confirm that none of our five largest customers during the Track Record Period is our related party, supplier or subcontractor. 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 Global Offering and the Capitalisation Issue, had any interest in any of our five largest customers during the Track Record Period.

KEY CONTRACT TERMS

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

Duration

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

Progress claims

In relation to billings on a project, our finance department is responsible for recording of accounts receivables, payables and preparation of progress billings and invoices. Our project department will coordinate with our finance department on the monthly progress billings to our customers. Upon receiving our payment request, our customer will have its own personnel to acknowledge the progress claim, typically based on inspection by its quantity surveyor. We will then be requested to issue an invoice to our customers, typically with a credit term of 35 days, based on the contract with the customer. Please refer to the paragraph headed "Quality control" under this section of the prospectus for further information of various inspection checks throughout the project implementation.

Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. Monthly progress claims are to be certified by the customer within 21 calendar days from the submission of our progress claims and payment within 35 days of such certification. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. Therefore, we have the right to the progress claims that we make in accordance with the work that we carried out and based on the agreed contract terms with our customers. Please refer to the section headed "Regulatory Overview" in this prospectus for further details of the BCISPA.

Our subcontractors typically provide monthly claims which will be assessed by the quantity surveyor in consultation with the project manager or other delegated staff. The quantity surveyor will then prepare the progress payment, which is checked by a project or contract manager and approved by an Executive Director, upon which our finance department will proceed to prepare payment.

As for suppliers, their invoices will be verified by the quantity surveyor, checked by a project or contract manager and approved by an Executive Director, upon which our finance department will proceed to prepare payment.

Retention money

A portion of the contract value, normally 5% to 10%, may be withheld by our customers as retention money, of which half will be released upon handover of the project and the remaining released upon expiry of the defect liability period. The defect liability period commences on the date of TOP, CSC or completion certificate issued by the customer (based on the relevant contract terms).

Defect liability period

Our construction contracts will generally include a defect liability period, during which we are responsible to rectify works defects at no extra cost to the customer. The defect liability period is usually 12 to 18 months from the date of TOP, CSC or completion certificate issued by the customer (based on the relevant contract terms). For subcontract works, our defect liability period would typically mirror that stipulated in the main contractor's contract. If the materials used are not in accordance with the contract, we are required to 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. There was no material customer complaint during the Track Record Period.

Insurance

Where we are the main contractor for our projects, we are required to procure insurance such as public liability insurance and work injury compensation insurance specifically for the project. For subcontractor works, the relevant insurance will typically be taken out by the main contractor of the project. For details of insurance policies taken out by our Group, please see the paragraph headed "Insurance" in this section of the prospectus.

Performance bonds

Some of our projects require us to provide an insurance performance bond or insurance performance guarantee to our customers (typically between 5.0% to 10.0% of the contract value), which will remain in effect until the expiry of the defects liability period. The duration of the performance bond or performance guarantee typically covers the contractual period of the project and an additional period corresponding to the defects liability period. None of our customers has enforced the insurance performance bond or insurance performance guarantee provided by us during the Track Record Period.

Foreign workers

We are responsible for ensuring that both our own workforce for the relevant project and those of our subcontractors do not have any illegal foreign workers. We are liable for and shall indemnify our customers against any losses or liabilities arising from our hiring of illegal foreign workers for the relevant project. During the Track Record Period, save as disclosed in the paragraph headed "Business — Regulatory Compliance" of this prospectus, our Group has complied with all rules and regulations relating to the employment of foreign workers for our business, including but not limited to the imposition of security bonds and foreign worker levy, and the quotas for foreign workers based on man-year entitlements.

Liquidated damages

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

Variation

We may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. The pricing of a variation order is usually agreed mutually between the contract parties and set out in the relevant supplemental contract. The project quantity surveyor will enter each instruction leading to a variation into a variation register, which will assist the project team with contract administration and cost control. 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.

SUBCONTRACTORS

We typically engage subcontractors for more specialised services which we may not provide in-house, such as M&E works, air conditioning and mechanical ventilation works, steel works and any other specialist work.

We maintain good relationships with our subcontractors to closely monitor project related matters, particularly on their ability to meet certain milestones and the civil engineering requirements of the project, to ensure their services are completed on a reliable and timely manner. In general, we are liable to our customers for the performance of our subcontractors including but not limited to defects, delay in the project schedule and violation of rules or regulations.

We typically select our subcontractors from our approved vendor list of subcontractors, whereby they are initially assessed based on (as the case may be) (i) market reputation; (ii) existence of an effective quality, environmental, health and safety system; (iii) response to our request for services; (iv) reliability of product or services procured; and (v) quality of services provided. This assessment is performed by our quantity surveyors and submitted to our Executive Director for approval. Subsequently, our quantity surveyors will assess the performance of the subcontractors periodically, based on, amongst others, their (i) compliance with the contractual scope of works; (ii) attendance at site meetings; (iii) compliance and initiatives with work safety issues; (iv) overall contribution to the progress of the project; (v) overall site management performance; and (vi) compliance with applicable rules and regulations. Under the subcontracting arrangements, the subcontracting cost is determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value. As at 31 December 2017, there were 525 subcontractors on our approved vendor list.

Our Group has, over the years, established good relationships with our subcontractors and the length of our relationship with each of our five largest subcontractors for the years ended 31 October 2015, 2016 and 2017 ranges from one to four years. For the years ended 31 October 2015, 2016 and 2017, the total amount for subcontracting works to our five largest subcontractors amounted to approximately S$81.3 million, S$77.9 million and S$26.4 million and accounted for approximately 43.2%, 48.8% and 16.3% of our total cost of sales, respectively. For the years ended 31 October 2015, 2016 and 2017, the subcontracting costs to our largest subcontractor amounted to approximately S$43.8 million, S$43.5 million and S$9.8 million and accounted for approximately 23.3%, 27.3% and 6.1% of our total cost of sales, respectively. So far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims from our customers in respect of the quality of services performed by our subcontractors.

Generally the contracts with our subcontractors are prepared based on a standard template used by our Group and contain terms relating to subcontract price, duration, progress claims, retention money, defect liability period provisions, performance bonds, insurance, work permit, safety and environmental requirements, liquidated damages, variations and termination of subcontract.

The key contract terms of the standard form of the subcontractor used by our Group is summarised below:

- Subcontract sum: this is usually a fixed price that is inclusive of all expenditures or costs relating to the subcontract work, and any other works necessary to complete the works described in the subcontract, whether separately or specifically mentioned in the subcontract;

- Duration: this is dependent on the duration of the main contract. The subcontract duration is in such a manner that will not result in the main contractor being in breach of any obligations to the employer under the main contract;

- Progress claims: for progress payment to the subcontractor, the subcontractor is required to submit, at monthly intervals, a written statement of the value of work properly done, inclusive of all instructed variation works under the subcontract;

- Retention money: the retention money is usually 10% of the progress claim, subject to a maximum of 5% of the subcontract sum;

- Defects liability period: the defects liability period mirrors that of the main contract, during which the subcontractor is responsible to rectify work defects at no extra cost to our Group as main contractor;

- Performance bonds: the subcontractor is required to procure a banker's guarantee or insurance bond amounting to 10% of the subcontract value to secure performance of the subcontractor;

- Insurance: the subcontractor is required to take up and maintain adequate work injury compensation insurance for all its workers;

- Work permit: the subcontractor is required to warrant that all workmen engaged shall have the necessary, valid work permits issued by the relevant authorities and shall indemnify our Group as main contractor against all losses and damages accompanying the hire of illegal workers;

- Safety and environmental requirements: the subcontractor is required to adhere and comply with all safety, health, environmental and statutory requirements applicable to the subcontract works;

- Liquidated damages: if the subcontractor fails to substantially complete the work specified in the subcontract within the stipulated time and/or cause unnecessary delay to the entire project, the subcontractor will be liable for liquidated damages;

- Variations: our Group as main contractor may be given variation orders from the customers, which amend the specifications and scope of works from what was originally contracted. Our subcontractors are contractually obliged to make such variations which are confirmed in writing to the subcontractor;

- Termination of subcontractor: our Group as main contractor retains the right to terminate the subcontract without prejudice to any other rights and remedies should the subcontractor (i) fail to proceed with the subcontract works with due diligence within seven days of our issuing of a written notice, (ii) refuse or neglect to remove defective materials or make good defective work within three days of our issuing of a written notice, (iii) file for bankruptcy, enter liquidation or receivership, (iv) assign or sub-let the whole or any part of the subcontract without prior written consent, (v) do or omit anything resulting in forfeiture of the main contract, or (vi) fail to carry out instructions given by our Group as the main contractor.

The following table sets forth our five largest subcontractors for the years ended 31 October 2015, 2016 and 2017, respectively:

For the year ended 31 October 2017

Subcontractor	Approximate years of relationship with our Group	Principal business	Payment and credit terms (based on relevant contract)	Supply amount (S$' million)	% of total cost of sales of our Group
Subcontractor A	One	Building construction	Due 30 days from the date of issuance of invoice	9.8	6.1
Onestar Construction	Two	General building construction	Due 35 days from the date of issuance of invoice	5.1	3.1
Jiestar Engineering	Three	Electrical works	Due 35 days from the date of issuance of invoice	4.5	2.8
Subcontractor B	Three	Building construction and foundation works	Due 35 days from the date of issuance of invoice	3.9	2.4
Subcontractor C	Two	Installation and erection of building equipment (e.g. lifts, escalators, travellators)	Due 35 days from the date of issuance of invoice	3.1	1.9
				26.4	16.3

For the year ended 31 October 2016

Subcontractor	Approximate years of relationship with our Group	Principal business	Payment and credit terms (based on relevant contract)	Supply amount (S$' million)	% of total cost of sales of our Group
DHC Construction[1]	Four	Construction and general building works	Due 30/35 days from the date of issuance of invoice/date of payment certificate	43.5	27.3
Subcontractor D	Two	Storage and warehousing	Due 30 days from the date of issuance of invoice	16.0	10.0
Subcontractor E	Four	Installation of industrial machinery and mechanical works	Due 35 days from the date of service of payment certificate	6.9	4.3
Subcontractor F	Two	Foundation works	Due 35 days from the date of service of payment certificate	6.5	4.1
Subcontractor G	Two	Mixed construction activities	Due 35 days from the date of service of payment certificate	5.0	3.1
				77.9	48.8

Note:

(1) DHC Construction became an indirect wholly-owned subsidiary of our Company on 27 October 2016.

For the year ended 31 October 2015

Subcontractor	Approximate years of relationship with our Group	Principal business	Payment and credit terms (based on relevant contract)	Supply amount (S$' million)	% of total cost of sales of our Group
DHC Construction[1]	Four	Construction and general building works	Due 30/35 days from the date of issuance of Invoice/date of payment certificate	43.8	23.3
Subcontractor D	Two	Storage and warehousing	Due 30 days from the date of issuance of invoice	23.0	12.2
Subcontractor H	Four	Design, construction and repair of buildings, and civil engineering works	Due 35 days from the date of service of payment certificate	5.6	3.0
Subcontractor I	Three	General contractor	Collection on delivery	4.5	2.4
Subcontractor J	Three	Provision of M&E works	Due 35 days from the date of service of payment certificate	4.4	2.3
				81.3	43.2

Note:

(1) DHC Construction became an indirect wholly-owned subsidiary of our Company on 27 October 2016.

None of our five largest subcontractors during the Track Record Period is also our customer. During the Track Record Period, we did not have any material disagreement or dispute with any of our subcontractors.

Subcontractors who were our connected persons during the Track Record Period

DHC Construction was one of our top five subcontractors of our Group during each of the years ended 31 October 2015 and 2016. It was our connected person during part of the Track Record Period and up to 27 October 2016, when it became an indirect wholly-owned subsidiary of our Company. During the Track Record Period, HPC Builders engaged DHC Construction as its subcontractor for building construction works. The values of transactions with DHC Construction during the Track Record Period and up to the date it was acquired into our Group are as below:

	For the years ended 31 October		
	2015	**2016**	**2017**
Subcontractor fees			
- As a percentage of cost of sales	23.3%	27.3%	Not applicable

BHD Construction was one of our subcontractors of our Group during the years ended 31 October 2015 and 2016. BHD Construction is a private company incorporated in Singapore principally engaged in general building works and related activities and it was our connected person during part of the Track Record Period and up to 12 December 2016. During the Track Record Period, we engaged BHD Construction as our subcontractor for general building works. The values of transactions with BHD Construction during the Track Record Period and up to the date it ceased to be our connected person are as below:

	For the years ended 31 October		
	2015	**2016**	**2017**
Subcontractor fees			
- As a percentage of cost of sales	2.2%	2.5%	Nil

King Hong Construction (formerly known as Huang Pu Construction Pte. Ltd.) was one of our subcontractors of our Group during the years ended 31 October 2015, 2016 and 2017. King Hong Construction is a private company incorporated in Singapore principally engaged in civil engineering construction and building construction and it was our connected person during part of the Track Record Period and up to 30 November 2016. During the Track Record Period, we engaged King Hong Construction to provide project management services. The values of transactions with King Hong Construction during the Track Record Period and up to the date it ceased to be our connected person are as below:

	For the years ended 31 October		
	2015	**2016**	**2017**
Subcontractor fees			
- As a percentage of cost of sales	0.9%	0.1%	0.1%

Jiestar Engineering (formerly known as Jie Star Engineering Pte. Ltd. up to 6 June 2016) was one of our Group's top five subcontractors during the year ended 31 October 2017. Jiestar Engineering is a private company incorporated in Singapore principally engaged in electrical works and it was our connected person during part of the Track Record Period and up to 30 November 2016. During the Track Record Period, we engaged Jiestar Engineering as our subcontractor for electrical works. The values of transactions with Jiestar Engineering during the Track Record Period and up to the date it ceased to be our connected person are as below:

	For the years ended 31 October		
	2015	**2016**	**2017**
Subcontractor fees			
- As a percentage of cost of sales	1.8%	2.4%	0.0%

Onestar Construction was one of our top five subcontractors of our Group during the year ended 31 October 2017. Onestar Construction is a private company incorporated in Singapore principally engaged in general building construction and it was our connected person during part of the Track Record period and up to 1 December 2016. During the Track Record Period, we engaged Onestar Construction as our subcontractor for architecture works. The values of transactions with Onestar Construction during the Track Record Period and up to the date it ceased to be our connected person are as below:

	For the years ended 31 October		
	2015	**2016**	**2017**
Subcontractor fees			
- As a percentage of cost of sales	1.9%	1.9%	0.0%

With respect to the transactions carried out with each of the subcontractor who was our connected person during the Track Record Period as set out above, our Directors are of the opinion that these transactions were conducted at arm's length basis and on normal commercial terms and the pricing terms were comparable or no less favourable than terms available from Independent Third Parties which are considered fair and reasonable. Please refer to the paragraph headed "Financial Information — Related party transactions" in this prospectus for the transaction details and the pricing basis of related party transactions during the Track Record Period. In addition, as set out above, save for DHC Construction which has become part of our Group, each of the above subcontractors has ceased to be a connected person of our Group as at the Latest Practicable Date.

Save as disclosed above, all our five largest subcontractors for the Track Record Period are Independent Third Parties and 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 Global Offering and the Capitalisation Issue, had any interest in any of our five largest subcontractors during the Track Record Period.

Please refer to the paragraph headed "Financial Information — Significant Factors Affecting Our Financial Conditions and Results of Operations — Fluctuation in cost of sales" in this prospectus for the sensitivity analysis on changes in subcontracting costs.

SUPPLIERS AND RAW MATERIALS

Our purchases are mainly from suppliers in Singapore and our main purchases are steel products and ready-mix concrete. We have not entered into any long-term purchase agreement with our suppliers during the Track Record Period and up to the Latest Practicable Date. We obtain quotations for major purchase items such as rebar during our preparation of quotation to our customer.

We maintain an approved vendor list for suppliers who have passed our assessment criteria; for suppliers first admitted into the list, we will have reviewed their performance based on (as the case may be) their (i) market reputation; (ii) existence of an effective quality, environmental, health and safety system; (iii) response to our request for services; (iv) reliability of product or services procured; and (v) quality of samples provided. This assessment is performed by our quantity surveyors and purchasing department. Subsequently, our quantity surveyors will assess the performance of the suppliers periodically, based on (as the case may be), their (i) ability to meet delivery schedules in accordance with contract/purchase order; (ii) response to repair calls under guarantee period; (iii) quality of goods and services received; and (iv) environmental, health and safety performance for the past year. As at 31 December 2017, there were 121 suppliers on our approved vendor list.

Purchases from our top five suppliers collectively accounted for less than 30% of our total cost of sales during the Track Record Period. For the years ended 31 October, 2015, 2016 and 2017, purchases from our five largest suppliers amounted to approximately S$27.3 million, S$29.3 million and S$18.0 million, respectively. Purchases from our largest supplier for the same periods amounted to approximately S$10.2 million, S$14.1 million and S$7.4 million, respectively.

None of our five largest suppliers during the Track Record Period is also our customer. All of our five largest suppliers are based in Singapore and are Independent Third Parties. We are not reliant on any single supplier and have also not experienced any shortage or delay in supply of materials during the Track Record Period. We have alternative suppliers for each major category of supplies on our approved vendor list. Our Directors consider that our Group is able to pass on any increase in purchase costs to our customers as we generally take into account the overall costs of undertaking a project during the tender preparation stage. During the Track Record Period and up to the Latest Practicable Date, we have not had any material disagreement nor dispute with any of our suppliers.

Please refer to the paragraph headed "Financial Information — Significant Factors Affecting Our Financial Conditions and Results of Operations — Fluctuation in cost of sales" in this prospectus for the sensitivity analysis on changes in raw material costs.

MACHINERY AND EQUIPMENT

Our operation in respect of our construction business is generally not capital intensive in nature. During the Track Record Period, for construction projects that required the use of specialised or substantial machinery and equipment, we typically engaged the services of subcontractors which arranged for the necessary machinery and equipment to carry out the relevant works.

As at 31 October 2017, the carrying value of our plant and equipment was approximately S$0.2 million or approximately 4.3% of the total carrying value of our total property, plant and equipment. Our plant and equipment as at 31 October 2017 include scissor lifts, portable pumps, boom lifts, an excavator and other construction equipment.

In addition, as at 31 October 2017, the carrying value of our motor vehicles was approximately S$1.2 million or approximately 25.9% of the total carrying value of our property, plant and equipment. The motor vehicles are acquired under finance leases amounting to S$0.1 million, nil and S$0.1 million as at 31 October 2015, 2016 and 2017, respectively.

CREDIT MANAGEMENT

During the tender preparation and submission stage, we will consider the credit worthiness of the customer, and the key contract terms, including progress payment terms and retention money. We generally grant a 35 days credit term to customers upon issuance of invoice. For the years ended 31 October 2015, 2016 and 2017, our Group had no impairment of trade receivables and retention receivables save for the write-off of trade and other receivables amounting to S$2.8 million owing from a related party, Olivine Capital Pte. Ltd..

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

MAIN QUALIFICATIONS, LICENCES AND CERTIFICATIONS

Qualifications and licences in Singapore

Our Group currently holds a GB1 licence issued by BCA under the BLS which enables us to undertake contracts for general building works. Such a licence is required to carry out private sector buildings work or public sector building works. Our Group is also registered by BCA under the CRS for a number of workheads which enable us to tender for public sector building works. The following table sets out a summary of the main qualifications and licences of our Group for the carrying out of our business and operations in Singapore during the Track Record Period:

Relevant authority and licencing system	Licensee	Relevant list/ category	Qualification/ Licence/ Grading	Date of first grant/ registration	Date of expiry	Tendering limits, if any
BCA under the BLS	HPC Builders	General Builder	GB1	3 August 2010	16 June 2018	Unlimited for both public and private sectors, subject to the tendering limits for public sector projects under the CRS
BCA under the BLS	DHC Construction	General Builder	GB1	16 November 2015	26 February 2019	Unlimited for both public and private sectors, subject to the tendering limits for public sector projects under the CRS
BCA under the BLS	HPC Builders	Specialist Builder	Pre-cast concrete work (comprising fabrication of precast structural elements)	15 March 2017	15 March 2020	Unlimited for both public and private sectors, subject to the tendering limits for public sector projects under the CRS
BCA under the BLS	DHC Construction	General Builder	GB2	26 February 2013	26 February 2016[1]	S$6.0 million for both public and private sectors subject to the tendering limits for public sector projects under the CRS
BCA under the CRS	HPC Builders	CW01, General Building	A1	27 May 2014	1 May 2019	Unlimited, applicable to public sector projects[2]

Relevant authority and licencing system	Licensee	Relevant list/ category	Qualification/ Licence/ Grading	Date of first grant/ registration	Date of expiry	Tendering limits, if any
BCA under the CRS	DHC Construction	CW01 General Building	C1	17 September 2014	1 April 2019	(For the period 1 July 2016 to 30 June 2017) S$4.0 million, applicable to public sector projects (For the period 1 July 2017 to 30 June 2018) S$3.8 million, applicable to public sector projects
BCA under the CRS	HPC Builders	CW02, Civil Engineering	B1	14 November 2017	1 May 2019	S$40.0 million, applicable to public sector projects[(2)]
BCA under the CRS	HPC Builders	CR06, Interior Decoration & Finishing Works	L5	20 September 2016	1 May 2019	S$13.0 million, applicable to public sector projects[(2)]
BCA under the CRS	HPC Builders	CR10, Pre-cast concrete work	L5	26 May 2017	1 May 2019	S$13.0 million, applicable to public sector projects[(2)]
The Workplace Safety and Health Council	HPC Builders	bizSAFE Certificate	Level Star	20 February 2017	17 June 2018	Not applicable
The Workplace Safety and Health Council	DHC Construction	bizSAFE Certificate	Level Star	27 October 2017	26 April 2020	Not applicable

Note:

(1) The GB2 licence was not renewed as DHC Construction applied for and obtained the GB1 licence with effect from 16 November 2015.

(2) These tendering limits are applicable from 1 July 2016 to 30 June 2018.

Our Group is required to hold the GB1 licence (General Builder Class 1) to carry out general building works and civil engineering works. We are required to be registered under the CW01 (General Building) and CW02 (Civil Engineering) workheads to tender directly to government agencies or statutory boards for general building projects and civil engineering projects, respectively in the public sector. Our Executive Directors are of the view that our existing BCA grades are adequate for our business needs.

Certifications and Awards

As a testament of our commitment to service and quality, our Group has received a number of awards and certifications over the years, some of which are set out below:

Relevant authority/ organisation	Recipient	Relevant list/category	Qualification/ Licence/ Grading	Year or Period of Award
EQAICC	HPC Builders	Quality Management System applicable to the Provision of General Building Construction, Interior Decoration and Civil Engineering Works	ISO 9001:2008	Since 2009
EQAIMS	HPC Builders	Occupational Health & Safety Management System applicable to the Provision of General Building Construction, Interior Decoration and Civil Engineering Works	OHSAS 18001:2007	Since 2009
EQAIMS	DHC Construction	Occupational Health & Safety Management System applicable to the Provision of General Building, Construction and Civil Engineering Works	OHSAS 18001:2007	Since 2014
EQAIMS	HPC Builders	Quality Management System applicable to the Provision of General Building Construction, Interior Decoration and Civil Engineering Works	ISO 9001:2008	Since 2013
EQAIMS	HPC Builders	Environmental Management System applicable to the Provision of General Building Construction, Interior Decoration and Civil Engineering Work	ISO 14001:2004	Since 2013

Relevant authority/ organisation	Recipient	Relevant list/category	Qualification/ Licence/ Grading	Year or Period of Award
BCA	HPC Builders	BCA Green and Gracious Builder Award	Merit	December 2014 to December 2017
BCA	HPC Builders	BCA Green and Gracious Builder Award	Excellent	October 2017 to December 2020
BCA	DHC Construction	BCA Green and Gracious Builder Award	Merit	September 2017 to September 2020
BCA	HPC Builders	Building Information Modelling (BIM) Award	Gold Award for the Jurong East Nursing Home	October 2015
BCA	HPC Builders	Building Information Modelling (BIM) Award	Gold Award for the Bishan Nursing Home	October 2015

WORKPLACE SAFETY AND HEALTH POLICY

We are committed to ensuring the health and safety of our staff and workers, who are valuable to our Group and to the successful execution of our projects. We have established a sound safety management system in place, which had been audited in April 2016 by an independent quality assurance agency, and in June 2017 by an independent safety auditing agency approved by the occupational safety department of the MOM.

Due to the nature of the construction industry, incidents at worksites may have detrimental effects on the health and safety of our workers.

Our Group has on 19 April 2018 established the Group WSH Committee, with Mr. Ong as chairman, to implement our Group's WSH policy and regulations. For more details on Mr. Ong and the Group WSH Committee, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

Our Workplace Safety & Health (WSH) Management System sets out the standard procedures for the safe operations of our Group and its contractors. The main purpose is to provide a safe and healthy method of work for all general operations and specific tasks that are covered by instructions issued by the project director or the project manager and the Project WSH Committee. In addition to the Group WSH Committee, the Project WSH Committee is a committee that is established for each project and typically comprises the project manager, as chairman of the Project WSH Committee, the workplace safety & health officer, as secretary of the Project WSH Committee, and the workplace safety & health coordinator, project engineers, subcontractor representatives and site supervisors. The procedures are designed to protect (a) safety and health of the working personnel; (b) assets that are necessary for our Group's operations; and (c) our Group's capability to provide high safety and health standards and good services.

The WSH Management System applies to all work sites and plants involving all work activities. Our Group employees, ad hoc workers and advisers are expected to adhere with the WSH Management System, to achieve our vision of zero accidents. The WSH Management System comprises the following elements:

(i) **Safety and health policy**

The effective implementation of the WSH Management System is the paramount responsibility of all our management staff and employees. Each employee of our Group must abide by the WSH Management System in the prevention of accidents and to create and maintain a safe and healthy workplace.

Our Group provides personal protective equipment, safety and health training, training relating to safety and health regulations and codes of practice, etc. with a view to inculcate safety and health consciousness and awareness.

Our Group WSH Committee is the overall-in-charge of the WSH Management System that is implemented, and is assisted by the project manager, who leads and executes the WSH Management System for the relevant project and acts as the chairman of the Project WSH Committee meetings. In addition to each employee's general responsibility to observe our Group's safety and health rules and regulations, the specific responsibilities of each of the project engineer, workplace safety & health officer, workplace safety & health coordinator, site supervisor, lifting supervisor, rigger, signalman, scaffold supervisor, scaffold erectors, first aider, subcontractor's supervisor, working at height supervisor relating to the execution of the WSH Management System are also detailed in the safety and health policy of our Group.

(ii) **Safe work practices**

The objective of our safe work practices is to ensure that all works are carried out in a safe manner so as to eliminate or minimise the occurrence of incident, injury and property damage. They are also intended to serve as prescribed instructions for the different trades and personnel to follow and abide with when carrying out their work in the workplace.

The WSH Management System specifies various safe work practices that our Group employees shall implement at each stage or aspect of a construction project, such as the preliminary works, the excavation and civil engineering works, piling operations, operation of crane-lifting machines, operation of mobile cranes, electrical works, electric arc welding and utilisation of explosive powered tools and compressed gas cylinders. The

WSH Management System also details the rules and regulations that shall be abided in relation to scaffolds, ladders, barricades, as well as in relation to access to and egress from work spaces, and working at height.

Further, the WSH Management System provides for personal safety practices such as the provision of safety helmets, safety glasses, respirators, hearing protection, gloves, safety harnesses and safety shoes where necessary and in conformance to the relevant regulations and/or codes of practice.

(iii) **Environmental, health and safety (EHS) training**

The objective of EHS training is to equip employees at all levels with the knowledge, skills, and attitudes which will enable them to perform their duties in a safe and efficient manner. Training needs are identified based on the WSH risks, roles and responsibilities in the WSH Management System, and existing knowledge and skills of personnel compared with the desired levels to be attained. The human resource department in our Group maintains a list of statutory training requirements to facilitate this identification process.

The project manager, with the support of the workplace safety & health officer, assess whether all personnel that are deployed and working on site are competent (based on their respective statutory training requirement and experience) and plan for the relevant EHS training for the various levels based on the construction progress. The project manager will send his request to the human resource department to arrange for the necessary training for personnel.

The WSH Management System stipulates that management staff shall undergo the Construction Safety Course for Project Managers, while supervisors must have successfully completed the Construction Safety Orientation Course before being allowed on site. In addition, all workers shall successfully complete the Site Construction Safety Orientation Course designed for Workers (General Trade) before being allowed in the worksite. They shall also commence work only upon attending a briefing on in-house rules and regulations and safe work procedures/ emergency response plan/ fall prevention plan/ lifting plan (where relevant).

(iv) **Group meeting and management review meeting**

The objective of group meetings is to assemble persons with particular responsibilities for safety and health so that they can formally address issues and take appropriate actions towards the achievement of the objectives of the WSH Management System. The Project WSH Committee typically holds monthly meetings to discuss issues in relation to safety and health in the work site. Other group meetings such as the tool box meeting, safety & health coordination meeting and management review meeting, are also held at varying intervals.

(v) **Accident/Incident investigation and analysis**

The objective of incident investigation and analysis is to spell out the procedures and the actions to be taken when there is a notice of incident. Our Group has established procedures to endeavour to ensure that all incidents are identified, investigated, analysed and recorded with the objectives of recommending appropriate actions to prevent future occurrence.

Our workplace safety & health officer is tasked to prepare an incident investigation and analysis report, which provides details of the incident, an analysis on the probable cause of the incident and recommendations to prevent recurrence of such incidents. This report is reviewed and approved by our project manager.

In addition and where required, our project manager also arranges for the accident to be reported to the Occupational Safety & Health Division of the MOM via the online reporting system. Assistance is provided to the MOM in their investigations whenever the need arises.

(vi) **In-house safety & health rules and regulations**

Our Group has established general site safety and health rules and regulations for workers (both direct workers and subcontractors) to follow, including applicable legal and other requirements. This is to establish a common understanding of their obligations and responsibilities on achieving the objectives of the WSH Management System.

These safety and health rules and regulations, formulated by our Group, are typically posted at prominent location and are communicated at the work site via training and at the tool box meetings etc. All new employees are briefed on these rules and regulations and are expected to abide them.

(vii) **Safety and Health Promotion**

The objective of safety promotion is to develop and maintain awareness among our Group employees in relation to safety and health in the workplace. Our Group has formulated a program for each Project WSH Committee to promote safety. Its aim is to educate and remind workers in the workplace to be safety conscious.

Each Project WSH Committee develops promotional programs aimed at demonstrating our Group's commitment in establishing an effective safety management system that will provide and maintain a safe and healthy working environment. These promotional programs include the display of the safety policy at the safety information boards and safety handbooks that are issued to relevant personnel, safety talks and videos that are conducted or shown to the workers, in-house safety exhibitions and quizzes or contests participated in by the workers, demonstration of safe work procedures during tool box meetings, as well as safety suggestion boxes that allow a communication channel for workers to provide feedback.

(viii) **Evaluation, selection and control of subcontractors**

The objective of contractor evaluation, selection and control is to ensure that contractors who intend to work on the worksite are reputable and fully aware of their safety obligations and that only contractors who can meet these obligations are employed. There are established procedures for the selection of subcontractors, for example, keeping a register of subcontracts which include a record of safety incidents involving the subcontractors, and carrying out regular reviews of the subcontractor's performance, including safety inspections of their work and compliance with our Group's safe work practices and procedures.

(ix) **Safety inspection**

The objective of safety inspection is to verify whether the safety management objectives of the worksite are being met or otherwise. This includes the safety and health of workers working in the worksite.

The safety inspections carried out are the monthly Project WSH Committee joint inspection; the weekly workplace safety and health patrol; the weekly scaffold inspection by the approved scaffold supervisor; and the daily site workplace safety and health coordinator inspection.

(x) **Maintenance regime**

The objective of maintenance is to ensure that the machinery and equipment used in the site premises of our Group are regularly maintained and do not pose any hazard that might affect the safety and health of workers working in the premises due to lack of maintenance and repair. All inspection and maintenance records on equipment/machinery and hand tools are properly documented and recorded and kept in the site for reference.

(xi) **Hazard analysis**

We have a risk assessment procedure that is applicable to our Group's activities, services, facilities and machineries that have the potential to cause environmental impacts. We have a risk assessment team comprising competent personnel who have attended a course on risk assessment and who are responsible for the following:

(a) identifying and analysing safety and health hazards & environmental aspects associated with work;

(b) assessing the risks and environmental impact involved; and

(c) prioritizing measures to control the hazards and reduce the risks and environmental impacts.

(xii) **Control and movement of hazardous materials**

Our Group has established procedures for proper management of all hazardous substances and chemicals, which shall include flammable, toxic or corrosive substances. The procedures include the control of receipt, storage, distribution, use and final disposal of such substances.

(xiii) **Emergency preparedness**

The objective is to ensure that there will be an efficient and orderly response to emergencies so that loss of life and property will be avoided and disruptions of work are minimised. For example, our Group has in place a severe weather plan and procedures to be adopted in the event of accidents such as a fall, a fire or explosion, gas escape, structural collapse or loss of stability and transport emergency such as collision of motor vehicles.

(xiv) **Occupational health and safety objectives management programmes**

The objective is to protect workers from safety and health hazards relevant to construction industry such as noise, fall from height, falling objects, back injury, dust, toxic substances and radiation etc. In each worksite, the project manager has to review the site and take into account the materials, facilities and other elements involved, and establish a site-specific management programme. The management programme may relate to noise conversation, respiratory protection, training and education etc.

Fatal Accidents

During the Track Record Period, save for two fatal accidents related to two employees of HPC Builders, our Group was not involved in other material accident causing death or serious injury in the course of our business.

In November 2014, a fatal accident occurred in the construction site of a MRT station project (the "**2014 Accident**"). The deceased, an employee of HPC Builders, was assigned to clear hardened debris concrete using pneumatic breakers at the 'ejector pit' access area of the workplace. While he was hacking the concrete, the drill bit penetrated a live cable which was encased by the hardened debris concrete and he was electrocuted, resulting in his death. HPC Builders was fined S$180,000 under the Workplace Safety and Health Act for failing to ensure the safety and health of its employees at work, more particularly, by failing to ensure that adequate safety measures were taken for the hacking of hardened concrete by its workers at the 'ejector pit' access area on the underground platform level at the worksite. The fine was fully settled on 1 June 2017 and the case was concluded. As at the Latest Practicable Date, no demerit point or other penalty in relation to the fatality was imposed on our Group. Save for the aforesaid fine:

(i) our Group has not been notified by the relevant government authority that any other member of our Group was held responsible for the fatality and there is no criminal or civil liability on our Group, our Directors, senior management or other employees; and

(ii) the compensation paid by our Group to the deceased's family in the amount of S$170,000 pursuant to the Work Injury Compensation Act was covered in full and handled by the insurer to the relevant insurance subscribed by our Group.

In February 2015, a fatal accident occurred in the construction site of a private sector warehouse construction project (the "**2015 Accident**"). The deceased, an employee of HPC Builders, was reportedly working on the third floor of the construction area performing tasks associated with structuring concrete form work, when he fell to his death. DHC Construction, the subcontractor to HPC Builders for the project, was fined S$120,000 under the Workplace Safety and Health Act for failing to ensure the safety and health of the employees of the main contractor, HPC Builders, due to a failure to ensure the safe erection of the formwork drop panels. The fine was fully settled on 14 December 2016 and the case was concluded. As at the Latest Practicable Date, no demerit point or other penalty in relation to the fatality was imposed on our Group. Save for the aforesaid fine:

(i) our Group has not been notified by the relevant government authority that any other member of our Group was held responsible for the fatality and there is no criminal or civil liability on our Group, our Directors, senior management or other employees; and

(ii) the compensation paid by our Group to the deceased's family in the amount of S$170,000 pursuant to the Work Injury Compensation Act was covered in full and handled by the insurer to the relevant insurance subscribed by our Group.

In respect of the 2014 Accident and 2015 Accident, our legal adviser as to Singapore law is of the view that it is unlikely that there will be any further criminal or civil proceedings against our Group, and the Directors and employees of our Group are unlikely to be personally liable in any such criminal or civil proceedings, solely by virtue of their common employment with the employees involved in the two accidents.

BUS Programme

HPC Builders was placed into the surveillance phase of the BUS Programme with effect from 21 April 2015 arising from the MOM's assessment/inspection which found systemic lapses in the management of workplace safety and health at HPC Builders' workplaces. The MOM implemented the BUS Programme in 2006 to help companies improve their workplace safety and health (WSH) performance by requiring them to develop and implement a robust safety and health management system. The BUS Programme assists companies to develop or improve on their WSH system. Proactive surveillance of high risk workplaces enables preventive measures to be taken early so as to prevent WSH injuries and ill health. The BUS Programme focuses on improvement of WSH management systems and is not by itself an indictment of existing systems, rather, the aim is for improvement. Please refer to the paragraph headed "Regulatory Overview — Business under Surveillance Programme" for details relating to the BUS Programme. Having developed and demonstrated our commitment to a comprehensive and sustainable action plan that was designed to tackle the systemic lapses that HPC Builders faced, we exited the BUS Programme on 26 January 2017.

Subsequent to our entry into the BUS Programme in April 2015, our Group implemented an action plan that was agreed upon with MOM, which targeted seven key improvement areas of WSH measures, namely, use of safety forms, risk management system, inspection regime, activity-based procedures, accident and incident analysis, training and subcontractor management. As part of that action plan, our Group took steps to improve its workplace safety and health management, including but not limited to:

(a) in relation to use of safety forms, ensuring that the project team attends compulsory work-at-height course(s) and that workers are inducted specifically for the system form adopted;

(b) in relation to risk management system, forming a risk assessment team and maintaining a project risk assessment register that is constantly updated;

(c) in relation to inspection regime, establishing a specific inspection regime and safety and health management system for work-at-height activities. The management representative heads and conducts cross project site audit on a monthly basis;

(d) in relation to activity-based procedures, establishing a permit to work system for all work activities before commencing work on site;

(e) in relation to accident and incident analysis, the management representative ensures that all reportable, non-reportable and near miss incidents are shared with all project teams;

(f) in relation to training, establishing a training matrix for all stakeholders and ensuring that the project manager works closely with the human resource department to organise relevant training courses for the project team; and

(g) in relation to subcontractor management, ensuring that subcontractor performance appraisal is carried out monthly and that any subcontractor selected possess at least bizSafe Level 3 certification.

Based on the correspondence between our Group and MOM, we believe the following is the criteria which we have met to exit the BUS programme:

(a) Fulfilment of action plan by showing improvement in the seven key improvement areas that have been identified;

(b) Achieving satisfactory results of more than 70% in Band III for Construction Safety Audit Scoring System (ConSASS), a standardised checklist and scoring system used for evaluation of the effectiveness and maturity of a company's occupational safety and health management;

(c) Achieving zero reportable injuries in the monthly report submission to MOM pursuant to the BUS programme. Reportable injuries refer to injuries in a work accident resulting in any of the following: (i) hospitalisation for at least 24 hours; (ii) medical leave for more than three days (whether consecutive or not); and (iii) fatality;

(d) No non-compliance being detected during informed visits by the MOM;

(e) No non-compliance being detected during surprise visits by the MOM; and

(f) Participation in the CultureSAFE programme, which helps organisations build and sustain a progressive and pervasive workplace safety and health culture. Participating organisations go through the CultureSAFE cycle, which adopts a one-time management engagement session, followed by a five-step cyclical approach. During the CultureSAFE cycle, organisations will make use of the CultureSAFE model through a perception survey to determine the organisation's culture index, thereafter identifying strengths and areas of improvement in their workplace safety and health culture.

HPC Builders had met the aforesaid criteria and was notified of its exit from the BUS Programme with effect from 26 January 2017. Our Directors have confirmed that our Group has fully implemented the action plans agreed with MOM as at the Latest Practicable Date.

Our legal adviser as to Singapore law has opined on the legal implications of HPC Builders' entry into the BUS Programme as follows:

(i) *Failure to renew HPC Builders' bizSAFE certifications and its ramifications*

As a result of its inclusion in the BUS Programme, HPC Builders was unable to renew its bizSAFE Level 3 certification (which expired on 21 August 2016) and its bizSAFE Level Star certificate (which expired on 17 June 2015). BizSAFE certification is issued by the Workplace Safety and Health Council ("**WSHC**"), and certifies that a company has a requisite level of safety and health controls. Further to HPC Builders' exit from the BUS Programme on 26 January 2017, HPC Builders has applied for and obtained a bizSAFE Level Star certificate, the highest level of bizSAFE certification, on 20 February 2017, which will expire on 17 June 2018.

Pursuant to the WSH 2018 Plus report jointly issued by the MOM, the WSHC and the Workplace Safety and Health Institute on 25 August 2016, public sector agencies generally take into consideration whether main contractors and subcontractors have a bizSAFE Level 3 certification (the "**Minimum bizSAFE Certification**") to qualify for public construction projects in their procurement process. Public agencies, such as LTA, HDB and JTC, have taken a step further of evaluating safety track records and requiring contractors to set aside a safety budget. Notwithstanding the aforesaid, based on publicly available information, there are examples during the Track Record Period of public sector projects being awarded by government agencies to construction companies that are placed under the BUS Programme and/or do not have the bizSAFE certification. Accordingly, while being placed in a BUS Programme affected HPC Builders' bizSAFE certification, our Directors believe that it had no practical effect on the prospects of HPC Builders in being awarded public sector contracts since there are companies without bizSAFE certifications that were awarded government contracts.

Based on the foregoing, our legal adviser as to Singapore law has opined that whilst the Minimum bizSAFE Certification is a general policy or practice adopted by Singapore public agencies in their procurement process, it is not a mandatory pre-requisite to qualify for public projects. Accordingly, a contractor without the Minimum bizSAFE Certification may be awarded with public projects by a public agency as a matter within the agency's prerogative. With respect to public sector projects which HPC Builders has been awarded, the tender documents for these do not include the Minimum bizSAFE Certification as part of the critical criteria for the tender evaluation process. Accordingly, our legal adviser as to Singapore law is of the view that the expiry and lack of bizSAFE certification of HPC Builders does not affect the legality and enforceability of such awarded public sector projects. Further, our Group has confirmed that we have not received any rejection for any tender of public sector projects due to HPC Builders' previous lack of bizSAFE certification or HPC Builders being placed in the BUS Programme.

(ii) *Risk of debarment pursuant to MOF's Guide for Suppliers (defined below)*

Pursuant to "A Guide for Suppliers — Participating in Singapore Government Procurement Opportunities", issued by the Ministry of Finance of Singapore on 7 September 2014 ("**MOF's Guide for Suppliers**"), suppliers of goods or services may be debarred from being awarded future public sector contracts in Singapore for a period of time if the supplier has infringed any of the debarment grounds set out in MOF's Guide for Suppliers. One of the prescribed debarment grounds is the violation of safety regulations or safety requirements or debarment by the MOM for poor safety record. Any government agency may submit a debarment recommendation to the Standing Committee on Debarment ("**SCOD**"), which is formed under the Ministry of Finance of Singapore, for approval.

Our Directors have confirmed that during the period when HPC Builders was placed in the BUS Programme (the "**BUS Programme Period**"), it has not received any notification from SCOD of any debarment recommendation by any government agency pursuant to the MOF's Guide for Suppliers.

Accordingly, our Directors are of the view that the prior inclusion of HPC Builders in the BUS Programme did not have any material adverse effect on the business and operations of our Group for the following reasons:

(a) the operating licences of our Group and the ongoing construction projects currently engaged by our Group have not been invalidated or affected during the BUS Programme Period;

(b) during the BUS Programme Period, HPC Builders successfully tendered for two private sector main construction projects in an aggregate contract sum of S$170.5 million;

(c) during the BUS Programme Period and up to the Latest Practicable Date, we have not received any notification of debarment pursuant to MOF's Guide for Suppliers and HPC Builders has successfully tendered for two public sector main construction projects in an aggregate contract sum of S$104.9 million; and

(d) based strictly on the eligibility criteria to achieve each level under the bizSAFE five-step programme, our legal adviser as to Singapore law has opined that HPC Builders' previous placement under the BUS Programme is not a factor that will be taken into consideration under the eligibility criteria for the bizSAFE five-step programme or in HPC Builders' application for bizSAFE certification. HPC Builders has applied for and obtained a bizSAFE Level Star certificate, the highest level of bizSAFE certification, on 20 February 2017.

Subsequent to HPC Builders' exit from the BUS Programme and up to the Latest Practicable Date, our Group was notified of 21 instances of workplace safety and health breaches by HPC Builders, details of which are set out below:

Date of notice of offence	Date of offence	Type	Description of the relevant project	Nature	Circumstances leading to the breaches	Legal consequence
6 February 2018	16 January 2018	Composition Fine	Private general building (main contractor)	Breach of Workplace Safety and Health Act	Measures to ensure safe means of access to and from the workplace were not taken.	Composition fine of S$1,000 was imposed, which was paid on 22 February 2018.
6 February 2018	16 January 2018	Composition Fine	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Failure to ensure that adequate handhold was provided to a height of at least one metre above the place of landing of a ladder.	Composition fine of S$1,000 was imposed, which was paid on 22 February 2018.
6 February 2018	16 January 2018	Composition Fine	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Open sides at certain location were not covered effectively to prevent fall.	Composition fine of S$1,000 was imposed, which was paid on 22 February 2018.
6 February 2018	16 January 2018	Composition Fine	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Open sides at certain location were not covered effectively to prevent fall.	Composition fine of S$2,000 was imposed, which was paid on 22 February 2018. One demerit point from this 4th composition fine imposed on 5 February 2018 was recorded.
6 February 2018	16 January 2018	Notice of non-compliance	Private general building (main contractor)	Breach of Workplace Safety and Health (Construction) Regulations 2007	Sign boards showing the safe working load of the material platform were not prominently displayed at suitable locations.	Order for rectification works were given, which were carried out by HPC Builders.

Date of notice of offence	Date of offence	Type	Description of the relevant project	Nature	Circumstances leading to the breaches	Legal consequence
6 February 2018	16 January 2018	Notice of non-compliance	Private general building (main contractor)	Breach of Workplace Safety and Health (Construction) Regulations 2007	Material platform was not inspected by designated person at least once every seven days.	Order for rectification works were given, which were carried out by HPC Builders.
6 February 2018	16 January 2018	Notice of non-compliance	Private general building (main contractor)	Breach of Workplace Safety and Health (Operation of Cranes) Regulations	Lifting plan which was developed for two tower cranes did not include the weight of the loads to be lifted.	Order for rectification works were given, which were carried out by HPC Builders.
6 February 2018	16 January 2018	Notice of non-compliance	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Vertical distance between work platform and guard-rail exceeds 600 millimetres.	Order for rectification works were given, which were carried out by HPC Builders.
6 February 2018	16 January 2018	Notice of non-compliance	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Cover in transformer room was not securely fixed in place to prevent accidental displacement.	Order for rectification works were given, which were carried out by HPC Builders.
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Breach of Workplace Safety and Health (Construction) Regulations	Horizontal and diagonal bracing were not provided to the multiple formwork structures.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017.
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Breach of Workplace Safety and Health (Construction) Regulations	Alteration made or allowed to be made to the formwork structure without the design and drawings reviewed and endorsed by a professional engineer.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017.
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Measures to ensure safe means of access to the multiple formwork construction areas were not taken.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017.

Date of notice of offence	Date of offence	Type	Description of the relevant project	Nature	Circumstances leading to the breaches	Legal consequence
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Open sides at multiple locations were not guarded to prevent fall.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017. One demerit point per fine from the 4th composition fine imposed on 7 August 2017 onwards was recorded.
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Workplace Safety and Health (Scaffolds) Regulations	Scaffolds used had not been examined by the professional engineer after installation and without a certificate stating that the scaffolds were safe for use.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017. One demerit point per fine from the 4th composition fine imposed on 7 August 2017 onwards was recorded.
7 August 2017	19 June 2017	Composition Fine	Public general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	Measures to ensure safe means of access to the multiple formwork construction areas were not taken.	Composition fine of S$2,000 was imposed, which was paid on 26 August 2017. One demerit point per fine from the 4th composition fine imposed on 7 August 2017 onwards was recorded.
21 June 2017	19 June 2017	Partial stop work order	Public general building (main contractor)	Breach of Workplace Safety and Health Act	The MOM conducted a site visit at the relevant project site and interviewed several workers of HPC Builders. The partial stop work order was issued by the MOM due to lapses found at the workplace and unsatisfactory responses provided by the workers on the workplace safety and health measures.	Five demerit points were recorded and orders for rectification works were given. The stop work order was lifted on 25 July 2017.
3 April 2017	13 February 2017	Composition fine	Private general building (main contractor)	Breach of the Workplace Safety and Health (Construction) Regulations 2007	A material platform installed in the construction site was not constructed in accordance with the designs and drawings of the professional engineer who designed the platform.	Composition fine of S$1,000 was imposed, which was fully settled on 12 April 2017.
3 April 2017	13 February 2017	Notice of non-compliance	Private general building (main contractor)	Breach of the Workplace Safety and Health (Construction) Regulations 2007	Sign boards showing the safe working load of the material platform were not prominently displayed at suitable locations.	Orders for rectification works were given, which were carried out by HPC Builders.

Date of notice of offence	Date of offence	Type	Description of the relevant project	Nature	Circumstances leading to the breaches	Legal consequence
3 April 2017	13 February 2017	Notice of non-compliance	Private general building (main contractor)	Breach of the Workplace Safety and Health (Construction) Regulations 2007	Designated entry and access at the building under construction was not provided for persons entering or leaving the building.	Orders for rectification works were given, which were carried out by HPC Builders.
27 February 2017	28 February 2015	Composition fine	Private general building (main contractor)	Breach of Workplace Safety and Health (Work at Heights) Regulations 2013	The design for the installation of lifelines done by a professional engineer was not communicated to the safety assessor of HPC Builders, resulting in a permit-to-work system not being implemented.	Composition fine of S$5,000 was imposed, which was fully settled on 12 March 2017.
15 February 2017	13 February 2017	Partial stop work order	Private general building (main contractor)	Breach of Workplace Safety and Health Act	Part of a ramp slab formwork gave way during concreting, causing minor injuries to workers who were working in the construction site. The MOM visited the site to conduct a preliminary investigation leading to the partial stop work order.	Five demerit points were recorded and orders for rectification works were given. The stop work order was lifted on 22 March 2017.

Since the date of HPC Builders' exit from the BUS Programme and up to the Latest Practicable Date, no further notice has been issued to HPC Builders in respect of the BUS Programme.

Workplace safety and health breaches

During the Track Record Period and up to the Latest Practicable Date, in addition to the two fatal accidents described in the paragraph headed "Fatal Accidents" of this section of this prospectus we were also involved in 69 cases (57 cases for HPC Builders and 12 cases for DHC Construction) for breaches and non-compliances of workplace safety regulations. The nature of such workplace safety and health breaches was relatively minor and all in regards to failures to take adequate or reasonable steps in relation to certain safety precautions for our employees and employees of our subcontractors in contravention of the applicable workforce safety and health regulations. For further details on such non-compliances, please see the paragraph headed "Regulatory Compliance" in this section.

For the years ended 31 October 2015, 2016 and 2017, and for the period after the Track Record Period and up to the Latest Practicable Date respectively, all such workplace safety regulation cases were fully settled by the payment of fines totalling S$51,000, S$6,000, S$25,000 and S$5,000, respectively.

Employees' compensation claims

According to the Euromonitor Report, the construction sector has historically experienced the highest rate of workplace fatalities and injuries, largely due to the risky nature of construction work, as well as the large number of labourers in the industry, which increases the probabilities of accidents occurring. During the Track Record Period and up to the Latest Practicable Date, our Group (including DHC Construction) have recorded seven accidents[(1)], out of which six (including the 2014 Accident and 2015 Accident) took place in the year ended 31 October 2015 and one took place in the year ended 31 October 2016. No accidents took place during the year ended 31 October 2017 up to the Latest Practicable Date. The obligation of reporting these accidents to the relevant authorities vests on the respective employer of the injured workers. The following table sets out the nature of the accidents involving the workers employed by our Group (including DHC Construction) during the Track Record Period and up to the Latest Practicable Date:

Nature of accident	Number of accidents
Injured by moving, fixed or stationary object	4
Falling	2
Electrocution	1
Total	**7**

Note:

(1) These accidents refer to injuries that are reportable to MOM, which are injuries in a work accident resulting in any of the following: (i) hospitalisation for at least 24 hours; (ii) medical leave for more than three days (whether consecutive or not); and (iii) fatality.

Four of the above accidents involved employees of HPC Builders while the remaining three accidents involved employees of DHC Construction.

Five of the above accidents resulted in employees' compensation claims under the Work Injury Compensation Act. The two remaining accidents, namely, the 2014 Accident and 2015 Accident, resulted in compensation claims by the family or dependants of the deceased under the Work Injury Compensation Act and criminal proceedings against our Group initiated by the MOM. For more details on these claims, please refer to the paragraphs headed "Fatal Accidents" and "Litigation" of this section.

As at the Latest Practicable Date, one of these employees' compensation claims have been concluded and settled, with the compensation and settlement amounts being fully covered by insurance, and four of the employees' compensation claims have been withdrawn, with two of these claims resulting in civil proceedings being brought against our Group. For more details, please refer to the paragraph headed "Litigation" of this section. As for the compensation claims by the family or dependants of the deceased arising from the two fatal accidents, each of the 2014 Accident and the 2015 Accident have resulted in a compensation amount of S$170,000 payable to the respective deceased's family, such amounts being fully covered by insurance. Our Group is required under the Work Injury Compensation Act to take out and has taken out compulsory insurance policies in Singapore to provide for the liability under such claims. Therefore, our Directors confirm that all claims and outstanding claims are fully covered by our Group's insurance policies and would not result in any material impact on the financial position or results and operations of our Group.

Our Group's insurance policies do not cover any penalties imposed on our Group as a result of criminal proceedings brought against our Group. As set out in the paragraph headed "Business — Fatal Accidents", the proceedings for each of the 2014 Accident and the 2015 Accident have concluded with a fine of S$180,000 and S$120,000 respectively being imposed on our Group. The fines have been fully settled and the cases were concluded.

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.

Based on the Workplace Safety and Health Report 2017 (the "**WSH Report 2017**") published in February 2018 by the Workplace Safety and Health Institute, Singapore, the workplace injury rates per 10,000 employed persons in the construction industry in Singapore for the years 2015, 2016 and 2017 were 45.1, 46.7 and 41.7 respectively. Our Group's workplace injury rates per 10,000 employed persons in Singapore for the years ended 31 October 2015, 2016 and 2017 were 50.0, 12.5 and zero, respectively. Our Group's workplace injury rate per 10,000 employed persons in Singapore subsequent to the Track Record Period and up to the Latest Practicable Date is zero.

Based on the WSH Report 2017, the workplace fatal injury rates per 10,000 employed persons in the construction industry in Singapore for the years 2015, 2016 and 2017 were 0.54, 0.49 and 0.26 respectively. Our Group's workplace fatal injury rate per 10,000 employed persons in Singapore for the years ended 31 October 2015, 2016 and 2017 were 25.0, zero and zero, respectively. Our Group's workplace fatal injury rate per 10,000 employed persons in Singapore subsequent to the Track Record Period and up to the Latest Practicable Date is zero.

Based on the Workplace Safety and Health Report 2016 published in February 2017 by the Workplace Safety and Health Institute, Singapore and the WSH Report 2017, the lost time injuries frequency rates[(1)] per 10,000 employed persons in the construction industry in Singapore for the years 2015, 2016 and 2017 were 16.6, 15.9 and 10.4 respectively. Our

Notes:

(1) Lost time injuries frequency rate (also known as the accident severity rate) = (Number of man days lost to workplace accidents / Number of man-hours worked) x 1,000,000. According to the WSH Report 2016 and WSH Report HY2017, the average weekly hours worked used in the estimation of man-hours worked were extracted from records within the Ministry of Manpower of Singapore.

Group's lost time injuries frequency rates[(2)] per 10,000 employed persons in Singapore for the years ended 31 October 2015, 2016 and 2017 were 15.6, 15.7 and zero, respectively. Our Group's lost time injuries frequency rate per 10,000 employed persons in Singapore subsequent to the Track Record Period and up to the Latest Practicable Date is zero.

Our Group's workplace injury rates, workplace fatal injury rates and lost time injuries frequency rates as disclosed above do not include employees of our Group's subcontractors because (i) although our Group has an internal policy requiring our subcontractors to notify our Group of any work-related incidents, our Group is not liable for all accidents suffered by the employees of the subcontractors; (ii) the subcontractors are required to report work-related incidents involving their employees to the MOM directly; and (iii) the subcontractors may not notify our Group of such work-related incidents involving their employees because the subcontractors may not have any incentive to do so due to commercial and/or operational reasons. Our Group is therefore unable to obtain the complete data on workplace accidents involving employees of all our subcontractors and is accordingly unable to compute injury rates which include the employees of our subcontractors.

ENVIRONMENTAL PROTECTION

We have an environmental management system in place, which had been last audited in April 2016 by an Independent Third Party, during which no non-conformity was noted. In addition, several projects completed by our Group have been awarded the Green Mark Award for Buildings under the BCA Green Mark Scheme. These projects include the construction of a private industrial building completed by our Group in 2015, which was awarded a BCA Green Mark Award (Gold), the construction of a private industrial building completed by our Group in 2016, which was awarded a BCA Green Mark Award (Platinum), as well as the construction of a private industrial building completed by our Group in 2017, which was awarded a BCA Green Mark Award (Platinum).

For projects where we are the main contractor, we have established the following environmental control procedures:

Noise

We have established a construction noise management plan (the "**NMP**") to help developers and contractors estimate the noise impact and plan for measures to ensure compliance with the construction noise permissible limits and to reduce noise nuisance to nearby sensitive receivers. The objective of the NMP is to reduce noise to a tolerable level so as to protect our staff, workers and neighbours from noise-induced deafness as well as to protect the environment from noise pollution.

(2) Lost time injuries frequency rate (also known as the accident severity rate) = (Number of man days lost to workplace accidents / Number of man-hours worked) x 1,000,000. The estimated number of man-hours worked per day per employee of our Group is eight hours.

Mosquito breeding

We have established proper housekeeping and vector control technique to prevent mosquito breeding so as to protect our staff and the public from harmful diseases.

Environmental breaches

During the Track Record Period and up to the Latest Practicable Date, HPC Builders and DHC Construction were involved in certain breaches of environmental related laws in Singapore. As a result of such breaches, we implemented additional measures to enhance our existing environmental control procedures. For further details on such breaches and additional measures, please refer to the paragraph headed "Regulatory Compliance" in this section.

For the years ended 31 October 2015, 2016 and 2017, the aggregate annual cost of compliance with applicable environmental laws and regulations in Singapore in relation to pest control, noise control and water treatment, was approximately S$227,000, S$128,000 and S$469,000, respectively.

INSURANCE

Pursuant to the Work Injury Compensation Act, we have work injury compensation policies for all our manual and non-manual workers, renewed annually, as well as for our construction workers and workers of subcontractors if we are acting as main contractor. As at the Latest Practicable Date, our Group's existing work injury compensation policy, which is taken out in respect of all employees in our Group and renewed on an annual basis, has a total coverage of approximately S$10.9 million. We also have foreign worker medical insurance, as stipulated by MOM, renewed annually. As at the Latest Practicable Date, our Group's existing workers' medical insurance policies cover hospitalisation expenses of our foreign workers at a coverage of up to S$15,000 per disability (which covers all medical conditions resulting from the same cause). We also have security bonds for our foreign workers which are required by MOM for new applications of their work permits. All employers of non-Malaysian work permit holders are required to deposit a S$5,000 security bond with MOM, which must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed.

Pursuant to the terms of the construction contracts where our Group acts as main contractor, our Group typically takes out, on a per project basis, additional work injury compensation insurance, as well as contractors' all risks insurance to cover against loss or damage to materials and third party liability for accidental bodily injury in connection with the performance of the contract. The coverage of such additional work injury compensation insurance and contractors' all risks insurance in respect of each of our projects typically varies according to the contract sum of the relevant project. As at 31 October 2017, the coverage under the additional work injury compensation insurance and contractors' all risks insurance in respect of each of our ongoing main contractor projects ranges from S$0.1 million to S$17.8

million and S$10.9 million to S$109.6 million respectively. We also have public liability insurance to cover personal injury and property damage at our premise and in Singapore, in connection with our operations.

Our Directors confirm that our Group has obtained adequate insurance coverage for the operation of its business, and is in line with the industry norm. For the years ended 31 October 2015, 2016 and 2017, our total insurance premiums were approximately S$0.8 million, S$0.7 million and S$0.3 million, respectively.

PROPERTIES

Properties leased by our Group

As at the Latest Practicable Date, we have rented four office premises from HDB, details of which are as follows:

Lessee	Address	Floor area	Monthly rent	Tenure
HPC Builders	Blk 165 Bukit Merah Central #06-3667 Singapore 150165	148 square metres	S$2,800	Renewed for a term of 32 months commencing 1 March 2017
HPC Builders	Blk 165 Bukit Merah Central #08-3685 Singapore 150165	148 square metres	S$2,800	Renewed for a term of 23 months commencing 1 March 2017
DHC Construction...	Blk 165 Bukit Merah Central #08-3683 Singapore 150165	74 square metres	S$1,600	Renewed for a term of 24 months commencing 1 March 2017
(the three tenancies above shall collectively be referred to as the "**Relevant HDB Tenancies**")				
HPC Builders	Blk 165 Bukit Merah Central #08-3669 Singapore 150165	68 square metres	S$1,600	Term of 32 months commencing 1 October 2017

The transfer of shares in the capital of HPC Builders to our Company by Mr. Wang and Mr. Shi and the transfer of shares in the capital of DHC Construction to our Company by Mr. Shi pursuant to the Reorganisation constituted an assignment of the Relevant HDB Tenancies which is prohibited by HDB. Accordingly, our Group sought approval from HDB in respect of the assignment of the HDB premises that arose from the Reorganisation. Our Group has on 16 March 2017 received the relevant approvals from HDB and has on 28 March 2017 entered into new tenancy agreements in respect of each of the Relevant HDB Tenancies, subject to certain terms and conditions, including, amongst others, the termination of the previously existing tenancy agreements.

In connection with our application to HDB for approval, HDB had conducted a site visit at our office premises. HDB had on 6 February 2017 issued two letters detailing certain alterations (comprising installation of partition walls and/or air-conditioning units) made to the office units (the "**Relevant Alterations**") where there is no record of approval from HDB and/or relevant authority, and requesting that our Group obtain approvals for the Relevant Alterations from the relevant authorities or provide letters of undertaking that our Group will obtain approvals for the Relevant Alterations from the relevant authorities raised. In particular, our Group shall obtain the necessary approvals from (a) the HDB, in respect of the air-conditioning units; and (b) the Singapore Civil Defence Force ("**SCDF**"), in respect of the partition walls.

Pursuant to Section 24 of the Fire Safety Act, no person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works unless the SCDF (and/or the HDB, where applicable) has approved all the plans for the fire safety works. Any person in contravention of such requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$200,000 or imprisonment for a term not exceeding two years or to both, and in the case of a continuing offence, to a further fine not exceeding S$1,000 for every day or part thereof during which the offence continues after conviction.

The alterations made to our office premises would fall within the definition of fire safety works for which approval from the SCDF (and/or the HDB, where applicable) would be required.

The SCDF has the discretion to issue a notice of composition pursuant to Section 51 of the Fire Safety Act (read together with Regulation 2 of the Fire Safety (Composition of Offences) Regulations) so that the offence is compounded by imposing a fine of (i) one half of the amount of the maximum fine that is prescribed for the offence; or (ii) S$5,000, whichever is lower. On payment of the fine, no further proceedings will be taken against the person.

As at the Latest Practicable Date, our Group has confirmed that no notice of abatement or order or notice of contravention or any documents in relation thereto has been received by our Group in relation to the foregoing provisions.

Our Group has provided letters of undertaking to the HDB dated 8 February 2017 in respect of the aforementioned matters arising from the Relevant Alterations.

Further, our Group had:

(a) in respect of the partition walls, made the relevant lodgements with the Fire Safety and Shelter Department of the SCDF, and received acceptance letters dated 27 April 2017 from the SCDF confirming receipt of the lodgements for the proposed renovation works; and

(b) in respect of the air-conditioning units, made the relevant applications with the HDB on 31 May 2017, and received letters dated 8 June 2017 from the HDB confirming approval of the lodgements.

Our legal adviser as to Singapore law has confirmed that our Group has obtained the requisite approvals under the Fire Safety Act for the plans for the fire safety works caused by the Relevant Alterations. The aggregate costs incurred in order to obtain the approvals of the HDB and the SCDF amounted to approximately S$4,800.

Based solely on sentencing precedents in Singapore, our legal adviser as to Singapore law is of the view that in the event that a charge is brought against HPC Builders under Section 24 of the Fire Safety Act arising from the Relevant Alterations, it is unlikely that the officers of HPC Builders will be personally liable for imprisonment.

In addition, as at the Latest Practicable Date, our Group has entered into the following existing lease agreements and licence agreements with Independent Third Parties for the provision of dormitory accommodation for its workers:

Lessee	Address	Total number of beds	Monthly rent and service charge	Tenure
DHC Construction	70 Tuas South Avenue 1 Singapore 637285	150	S$33,945	16 February 2018 to 15 May 2018
DHC Construction	70 Tuas South Avenue 1 Singapore 637285	200	S$45,260	1 January 2018 to 31 May 2018
DHC Construction	2D Jalan Papan Singapore 619415	212	S$40,280	1 March 2018 to 28 February 2019
DHC Construction	2D Jalan Papan Singapore 619415	48	S$ 9,120	16 February 2018 to 28 February 2019

Properties owned by our Group

As at the Latest Practicable Date, we own the following property ("**Henderson Property**"), which was recently purchased by our Group in December 2016:

Owner	Address	Floor area	Usage	Purchase price
HPC Builders	211 Henderson Road #02-01, 211 Henderson, Singapore 159552	461 square metres	Office premises of our Group	S$2,980,000 (fully settled as at the Latest Practicable Date)

The payment schedule for the purchase of the Henderson Property is as follows: (i) tender fee of S$50,000 on submission of tender; (ii) 10% of purchase price less the tender fee on acceptance of tender; and (iii) balance of purchase price on completion date, which takes place three months from the acceptance of tender. As at the Latest Practicable Date, the purchase of the Henderson Property has been completed.

The Henderson Property is intended to be used as office premises for only certain corporate units of our Group, as the floor area of the Henderson Property is not sufficient to house the entire operations of our Group's corporate office. Accordingly, as at the Latest Practicable Date, our Group has no intention to terminate the leases of our existing office premises with HDB.

In addition, we have entered into a sale and purchase agreement dated 1 September 2016 to purchase the following property ("**Loyang Property**"), in respect of which completion has not taken place as at the Latest Practicable Date:

Purchaser	Address	Floor Area	Usage	Purchase price
HPC Builders	56 Loyang Way #01-08 Singapore 508775	787 square metres	Leased to Independent Third Party	S$2,669,680

The payment schedule for the purchase of the Loyang Property is as follows: (i) booking fee of 10% of purchase price for the grant of option of purchase; (ii) 20% of purchase price less the booking fee within eight weeks from the date of option of purchase; (iii) 45% of the purchase price in various tranches based on the respective dates that notices are received by our Group from the vendor relating to certain works done on the Loyang Property; (iv) 25% of the purchase price payable within 14 days after the TOP or CSC is received in respect of the Loyang Property; and (v) balance 10% of purchase price payable on completion date.

Our Group has acquired the Loyang Property for investment purposes. The Loyang Property is sold to our Group subject to an existing tenancy (the "**Tenancy**") to an Independent Third Party, a private company incorporated in Singapore principally engaged in building construction and installation of piping and welding works. The term of the Tenancy is 36 months commencing on 1 May 2016 and the monthly rental income and service charge arising from the Tenancy is approximately S$13,000. Delivery of possession of the Loyang Property has taken place on 15 September 2016 and as at the Latest Practicable Date, 90% of the purchase price of the Loyang Property has been paid to the vendor in accordance with the payment schedule set out in the sale and purchase agreement. In addition, the rent accruing from the Tenancy subsequent to the handover date of the Tenancy on 16 December 2016 belongs to our Group. Pursuant to the terms of the sale and purchase agreement of the Loyang Property, the expected date of completion of the sale and purchase of the Loyang Property and the delivery of the subsidiary strata certificate of title for the Loyang Property to our Group shall be no later than 31 December 2020 or three years after the date of delivery of possession of the Loyang Property, whichever is the earlier. Completion of the purchase of the Loyang Property is subject to the vendor obtaining the relevant approvals by the Urban Redevelopment Authority of Singapore for the subdivision of the building housing the Loyang Property and the issue of the subsidiary strata certificate of title for the Loyang Property by the Singapore Land Authority.

As at the Latest Practicable Date, no subsidiary strata certificate of title has been issued for the Loyang Property by the Singapore Land Authority. Our Group's interest in the Loyang Property is protected by a caveat that has been lodged on 1 September 2016 with the Singapore Land Authority in favour of HPC Builders as the purchaser with an interest in the Loyang Property, by virtue of the sale and purchase agreement relating to the Loyang Property. Pursuant to the Land Titles Act (Chapter 157 of the laws of Singapore), HPC Builders, as the registered caveator, may prohibit the registration of any dealing affecting the title of the Loyang Property with the Singapore Land Authority, according to the extent of its interest, unless the dealing is expressed to be subject to the interest of HPC Builders or HPC Builders has consented in writing to such registration.

According to IFRS, our Group's investment property, being the Loyang Property, can be initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Our Directors considered that there was no impairment as the fair value of the Loyang Property of S$2,600,000 approximated to the carrying value of S$2,675,000 and our Group can derive the value of the investment property through future rental income generated by the Loyang Property.

INTELLECTUAL PROPERTY

Our Group does not have any interest in any patents, trademarks, registered designs or copyrights, nor have we entered into any agreements for the licensing or use of any patents, trademarks, registered designs or copyrights.

As at the Latest Practicable Date, we were not aware of any material infringements by us of any intellectual property rights owned by third parties, and we were also not aware of any pending or threatened claims against our Group 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 1,052 employees (including our Executive Directors), of which approximately 13.8% were Singapore citizens and permanent residents, and approximately 86.2% were foreigners (including foreign workers). As at the Latest Practicable Date, HPC Builders had 715 employees and DHC Construction had 337 employees. All our staff are located in Singapore. The following table sets forth the number of our staff in the respective functions of our Group (including our Executive Directors) as at the Latest Practicable Date:

	Number of employees		
	HPC Builders	**DHC Construction**	**Total**
Executive Directors	2	0	2
Managers	23	4	27
Executives (Human Resource/ Administration/Account/Logistics)	12	8	20
Contract, Tendering & Technical staff	26	10	36
Project and Site staff	109	51	160
Foreign Workers	536	262	798
Others	7	2	9
TOTAL	**715**	**337**	**1,052**

We are required to make CPF contributions at monthly rates stated in the CPF Act for employees who are Singapore citizens or Singapore permanent residents. In addition, we are required to pay foreign worker levy for foreign workers, although we do not need to pay CPF contributions for them. Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any instances of non-compliances relating to our Group's obligation to make payment of CPF contributions and foreign worker levy.

Please refer to the section headed "Regulatory Overview" of this prospectus for the laws and regulations in Singapore relating to employees.

Employee recruitment and training

Our Group assesses our current pool of employees on a regular basis and will gauge whether recruitment of additional employees is necessary and appropriate to cope with our Group's business development.

Our employees receive training depending on their department and the scope of works. Typically we arrange for our employees to attend trainings, from time to time, relating to workplace health and safety.

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period, we did not have any dispute with our employees, save for the instances of employees' claims set out in the paragraph headed "Employees' compensation claims" of this section. Our employees are not members of any labour union.

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

COMPETITION

The building construction industry in Singapore is extremely fragmented with 1,886 general building contractors registered with the BCA as of March 2018, therefore, it will not be meaningful to report the market shares of the various players operating in different sectors of the overarching general construction business. As of March 2018, there were only 92 general building contractors who were registered as an A1 grade contractor, representing 4.9% of all registered general building contractors.

In relation to the sub-sector of warehouse construction, the Euromonitor Report provides that the sub-sector tends to be dominated by construction companies which have a strong presence in the industrial buildings sector and tend to take on more warehouse construction projects alongside other industrial-related projects. Further, construction demand for warehouses tends to originate from the private sector, although the public sector has recently awarded some warehouses-related construction projects in the public sector.

Please refer to the section headed "Industry Overview" of this prospectus for details.

RISK MANAGEMENT

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

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

Project risk management

Projects and customers

We recognise that our order book is critical to our financial performance and business sustainability. In this regard, we maintain good working relationship with logistics companies, governmental authorities, main contractors and property developers in Singapore. We also ensure that sufficient resources and capacities are made available whenever opportunities arise so as to constantly secure new projects in particular to retain our position as one of the top warehouse builders (by revenue) in Singapore. Furthermore, with the proceeds from the Listing, our Group will increase our financial and operational capacities in order to expand the number of customers and take on more projects.

We have also established procedures for assessing and monitoring project risk. In our preparation of quotations and tendering of projects, our contract department will consider and evaluate our customers' financial status, payment records and the adequacy of our internal resources and capacity for the duration of the said project before a decision is made. We are also mindful of not being over-reliant on any specific customer.

At any point in time, we undertake a number of projects at varying stages of completion with different progress claims made. Our Executive Directors are therefore of the view that as long as our projects are contracted on a budgeted positive gross profit margin, our operating cash outflow is unlikely to exceed our operating cash inflow. Further, the 35 days credit terms granted to our customers will limit our financial risks and our finance department also monitors the payment pattern of our customers regularly and closely. Our Executive Directors will review the situation and evaluate project opportunities with new/other customers if there are signs of slowdown in securing projects and/or changes in payment pattern from our existing customers.

Suppliers and subcontractors

We have adopted a policy of maintaining good working relationship with a group of reliable suppliers and subcontractors. Having a good working relationship with our suppliers and subcontractors, maintaining at least more than one supplier or subcontractor in a major category of supplies or services and constantly sourcing for reliable suppliers and subcontractors will reduce risk in this aspect of contract risk. We also maintain an approved vendor list and periodically evaluate our suppliers and subcontractors.

Loss of key personnel

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

Regulatory risk management

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

Foreign labour

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

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

ADEQUACY AND EFFECTIVENESS OF OUR INTERNAL CONTROL SYSTEMS

We strive to maintain the integrity of our business, results of operations and reputation by strictly adhering to an internal control system in respect of our business. We have therefore implemented internal control procedures and manuals covering a number of key control areas such as tendering, purchase and procurement management, financial management and safety and environment compliance management with a view to ensuring compliance by our Group with applicable laws and regulations. Please refer to the paragraph headed “Regulatory Compliance” of this section for more details.

REGULATORY COMPLIANCE

Our legal adviser as to Singapore law is of the view that based on the documents provided by our Group and reviewed by our legal adviser as to Singapore law and save as disclosed in this section, they are not aware of any material breaches of the applicable Singapore laws and regulations relevant to the principal business of our Group. Please refer to the section headed "Regulatory Overview" of this prospectus for details of the regulatory framework in Singapore in relation to, among others, workplace safety and health and environmental laws.

In addition to the prior inclusion of HPC Builders in the BUS Programme as described in the paragraph headed "Workplace Safety and Health Policy — BUS Programme" of this section, we set out below a summary of the number and type of non-compliance incidents of HPC Builders and DHC Construction during the Track Record Period and up to the Latest Practicable Date:

Category	Total number of breaches	Nature of breaches	Regulatory Authority	Aggregate Fine/ Penalty (S$)	Other punishment (e.g. demerit points)
Workplace safety breaches	69 (HPC Builders: 57 breaches: 38 resulting in composition fines and/or stop work orders; 19 resulting in orders for rectification works only; DHC Construction: 12 breaches: nine resulting in composition fines; three resulting in orders for rectification works only)	Failure to adhere with workplace safety measures stipulated under the Workplace Safety and Health Act and/or its subsidiary legislations. Some of these breaches are preventive in nature in order to enhance the workplace health and safety environment and prevent workplace accidents, for example, notices of non-compliances were issued where sign boards were not prominently displayed at suitable locations.	MOM	87,000[(1)]	31 demerit points[(2)] (HPC Builders: 29 demerit points due to a Full Stop Work Order (10 points), three Partial Stop Work Orders (five points each) and four composition fines (one point each); DHC Construction: two demerit points due to two composition fines (one point each))

Category	Total number of breaches	Nature of breaches	Regulatory Authority	Aggregate Fine/ Penalty (S$)	Other punishment (e.g. demerit points)
Environment law breaches	Four (attributable to HPC Builders)	Failure to adhere with noise control regulations under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations	NEA	41,000	Nil
Environment law breaches	Nine (attributable to HPC Builders)	Breaches relating to mosquito breeding under the Vectors and Pesticides Act	NEA	19,000	Nil
Environment law breaches	Four (attributable to HPC Builders)	Breaches relating to water pollution control under the Sewerage and Drainage Act and/or its subsidiary legislation	PUB	5,000	Nil
Employment law related breaches	Two (attributable to HPC Builders)	Breaches under the Employment of Foreign Manpower Act in relation to accommodation for workers	MOM	110,000	Nil
Public infrastructure law related breaches	One (attributable to HPC Builders)	Breach under the Street Works Act	LTA	500	150 demerit points[(3)]

Notes:

(1) This amount excludes a fine of S$1,000 that was settled by our Group on 27 June 2016 but was refunded on 29 July 2016 to our Group.

(2) 15 out of the 31 demerit points were given to our Group in April 2015 due to certain incidents for breaches of workplace safety regulations that took place in March 2015 under the previous demerit point system. Under the previous two-stage demerit point system, a contractor that has received more than 18 demerit points within a 12-month period will receive a formal warning from the MOM. Thereafter, its/his points will be reset to zero and the relevant contractor will enter the second stage of the system. In the event that the relevant contractor accumulates a further 18 new demerit points, it/he will be debarred from hiring foreign workers. The 15 demerit points had a validity period of 12 months and have since expired. The MOM has since implemented an enhanced single-stage demerit points system for the construction sector since 1 July 2015. Under the enhanced single-stage demerit points system, contractors will be issued with demerit points with a validity period of 18 months for breaches under the Workplace Safety and Health Act and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the breach. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. The accumulation of more demerit points will result in longer periods of debarment. HPC Builders was given 14 demerit points under the enhanced single-stage demerit points system, being the total of: (i) ten points due to two partial stop work orders issued on 15 February 2017 and 21 June 2017 respectively, (ii) three demerit points pursuant to

composition fines issued on 7 August 2017, and (iii) one demerit point pursuant to composition fines issued on 6 February 2018. DHC Construction was given two demerit points pursuant to composition fines issued on 7 August 2017. These demerit points are valid for 18 months from their respective dates of issuance. For more details on the nature of the breaches that led to the abovementioned demerit points, please refer to the paragraph headed “Workplace Safety and Health Policy — BUS Programme” of this section.

(3) The 150 demerit points were given to our Group in April 2015 for carrying out works without exercising proper care to protect the structure of public street and any road, related facility thereof, under Regulation 9 of the Street Works (Works on Public Streets) Regulations of Singapore (read with Section 53 of the Street Works Act (Chapter 320A) of Singapore). For the purpose of the aforesaid regulations, any contractor who has within any one calendar month, been awarded a total number of 200 or more demerit points shall be deemed to be a person who is not fit and proper to be entrusted with the carrying out of any works on any public street and LTA may revoke its approval of the appointed contractor and suspend the carrying out of works until another contractor has been appointed. As our Group did not receive further demerit points under the aforesaid regulations, the 150 demerit points given to our Group in April 2015 have expired at the end of that calendar month. As at the Latest Practicable Date, our Group has not been granted any further demerit points.

Workplace safety breaches

The following table sets out the workplace safety regulations breaches and non-compliances identified by the MOM during the Track Record Period and up to the Latest Practicable Date that resulted in demerit points and/or relate to repetitive breaches of a certain workplace safety and health regulation:

Number of offences and amount of fines									
Year ended 31 October 2015	*Aggregate Fines (S$)*	*Year ended 31 October 2016*	*Aggregate Fines (S$)*	*Year ended 31 October 2017*	*Aggregate Fines (S$)*	*Subsequent to Track Record Period and up to the Latest Practicable Date*	*Aggregate Fines (S$)*	*Regulations*	*Details of breach*
Two	Nil	Nil	Nil	Two	Nil	Nil	Nil	Section 21 of the Workplace Safety and Health Act	HPC Builders was ordered on 2 March 2015 to cease any process or work activities at a worksite until certain measures relating to working at height, scaffolds, safe means of access and egress, formworks and risk management were implemented to the satisfaction of the Deputy Commissioner for Workplace Safety and Health Singapore. A full stop work order was issued and 10 demerit points were recorded. The stop work order was lifted on 7 April 2015 and the 10 demerit points have expired. HPC Builders was ordered on 3 March 2015 to cease any process or work activities involving scaffolds at a worksite until certain measures relating to scaffolds, housekeeping and electrical safety were implemented to the satisfaction of the Deputy Commissioner for Workplace Safety and Health Singapore. A partial stop work order was issued and five demerit points were recorded. The stop work order was lifted on 27 April 2015 and the five demerit points have expired.

Year ended 31 October 2015	Aggregate Fines (S$)	Year ended 31 October 2016	Aggregate Fines (S$)	Year ended 31 October 2017	Aggregate Fines (S$)	Subsequent to Track Record Period and up to the Latest Practicable Date	Aggregate Fines (S$)	Regulations	Details of breach
									HPC Builders was ordered on 15 February 2017 to cease the carrying on of all formwork and concreting activities at a worksite until certain measures relating to formworks, material loading platform, WSH management system and communication to workers and concreting activities were implemented to the satisfaction of the Deputy Commissioner for Workplace Safety and Health Singapore. A partial stop work order was issued and five demerit points were recorded, which are valid for 18 months from their effective date, being 15 February 2017. The stop work order was lifted on 22 March 2017. HPC Builders was ordered on 21 June 2017 to cease the carrying on of any processes or work activities involving work at height, scaffolds and formwork until certain measures relating to working at height, formworks, scaffolds, safe means of access, housekeeping, WSH management system and communication to persons were implemented to the satisfaction of the Deputy Commissioner for Workplace Safety and Health Singapore. A partial stop work order was issued and five demerit points were recorded, which are valid for 18 months from their effective date, being 21 June 2017. The stop work order was lifted on 25 July 2017. HPC Builders and DHC Construction were later issued six and five composition fines respectively for breaches of the Workplace Safety and Health Act and/or its sub-legislation. Accordingly, three and two demerit points were recorded against HPC Builders and DHC Construction respectively, which are valid for 18 months from their effective date, being 7 August 2017. For more details on the nature of the breaches that led to the demerit points, please refer to the paragraph headed "Workplace Safety and Health Policy — BUS Programme" of this section.

Number of offences and amount of fines (spanning header over the first eight columns)

Number of offences and amount of fines									
Year ended 31 October 2015	*Aggregate Fines (S$)*	*Year ended 31 October 2016*	*Aggregate Fines (S$)*	*Year ended 31 October 2017*	*Aggregate Fines (S$)*	*Subsequent to Track Record Period and up to the Latest Practicable Date*	*Aggregate Fines (S$)*	*Regulations*	*Details of breach*
Five	11,000	One	Nil	One	2,000	Two	3,000	Regulation 8(2) of the Workplace Safety and Health (Work at Heights) Regulations 2013 of Singapore	Failure to ensure that every open side or opening into or through which a person is liable to fall more than two metres shall be covered or guarded by effective guard-rails or barriers to prevent fall. One demerit point was recorded against HPC Builders as a result of the composition fines issued on 6 February 2018. The demerit point is valid for 18 months from its effective date, being 5 February 2018. For more details on the nature of the breaches that led to the demerit points, please refer to the paragraph headed "Workplace Safety and Health Policy — BUS Programme" of this section.
Seven	13,000	Nil	Nil	Nil	Nil	Nil	Nil	Regulation 22(2) of the Workplace Safety and Health Scaffolds) Regulations 2011 of Singapore	Failure to ensure that every side of a work platform or workplace from which a person is liable to fall more than two metres is provided with toe-boards and two or more guard-rails.

Note:

(1) The MOM issued a warning letter to HPC Builders on 21 April 2015, noting that in their inspection carried out on 17 April 2015, they continued to observe workers using gondolas (classified as "suspended scaffolds") and a tower scaffold, despite the issuance of the stop work order relating to any process or work activities involving scaffolds. The MOM noted that the letter served as a stern warning to HPC Builders against its negligent actions.

Of the 69 workplace safety and health breaches that occurred during the Track Record Period and up to the Latest Practicable Date, 47 breaches resulted in the imposition of composition fines and/or stop work orders on our Group. An aggregate of S$87,000 of fines (with S$76,000 attributable to HPC Builders and S$11,000 attributable to DHC Construction) were imposed on us for these workplace safety and health breaches (38 breaches by HPC Builders and nine breaches by DHC Construction) ("**Workplace Safety Non-Compliances**") that occurred during the Track Record Period and up to the Latest Practicable Date.

Under Section 56(1) of the Workplace Safety and Health Act, the relevant authority has the power to compound any offence by way of a fine up to a certain limit. On payment of such sum of money, no further proceedings shall be taken against that person in respect of such offences. All fines which have been fully settled were in respect of composition amounts in respect of the non-compliance. In respect of the aforementioned matters, our legal adviser as to Singapore law is of the view that no further proceedings will be taken against our Group in respect of the specific offences detailed where the composition fines have been fully settled.

Apart from the abovementioned non-compliances which resulted in fines, the remaining 22 instances of workplace safety and health related breaches (19 breaches by HPC Builders and three breaches by DHC Construction) resulted in orders for rectification works (with no corresponding fines) issued to our Group by the MOM ("**Relevant Non-Compliance Instances**"). Our Group were required to rectify the respective breaches within 30 days of the date of the relevant notice of offence. Our Executive Directors have confirmed that the necessary rectification measures have been carried out and no further notice of non-compliance and/or fine had been issued to the Group in respect of the Relevant Non-Compliance Instances. Based on the foregoing, our legal adviser as to Singapore law is of the view that it is unlikely that further proceedings will be taken against our Group in respect of the Relevant Non-Compliance Instances.

During the Track Record Period and up to the Latest Practicable date, our Group had accumulated a total of 15 demerit points under the previous two-stage demerit points system for construction sector implemented by the MOM and a total of 16 demerit points under the current single-stage demerit points system for construction sector implemented by the MOM. The 15 demerit points under the previous two-stage demerit points system (which have since expired) had a validity period of 18 months and were given to our Group in April 2015 due to certain incidents for breaches of workplace safety regulations that took place in March 2015. Under the previous two-stage demerit points system, a contractor that has received more than 18 demerit points within a 12-month period will receive a formal warning from MOM. Thereafter, his points will be reset to zero and contractor will enter stage two of the demerit points system. Only after a further accumulation of 18 new demerit points will the contractor be debarred from hiring foreign workers. The MOM has since implemented an enhanced single-stage demerit points system for the construction sector with effect from 1 July 2015. Under the enhanced single-stage demerit points system, contractors will be issued with demerit points with a validity period of 18 months for breaches under the Workplace Safety and Health Act and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the breach. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. The accumulation of more demerit points will result in longer periods of debarment. HPC Builders was given 14 demerit points under the enhanced single-stage demerit points system, being the total of: (i) ten points due to two partial stop work orders issued on 15 February 2017 and 21 June 2017 respectively, (ii) three demerit points pursuant to composition fines issued on 7 August 2017, and (iii) one demerit point pursuant to composition fines issued on 6 February 2018. DHC Construction was given two demerit points pursuant to composition fines issued on 7 August 2017. These demerit points are valid for 18 months from their respective dates of issuance. For further details of the demerit points systems previously and currently implemented by the MOM, please refer to the paragraph headed "Regulatory Overview — Demerit Points System for Construction Sector" of this prospectus.

Save for: (a) the 14 demerit points issued to HPC Builders in respect of (i) the partial stop work orders issued on 15 February 2017 and 21 June 2017 and lifted on 22 March 2017 and 25 July 2017 respectively, (ii) the composition fines issued on 7 August 2017, and (iii) the composition fines issued on 6 February 2018 and (b) the two demerit points issued to DHC Construction in respect of the composition fines issued on 7 August 2017, which are still subsisting as at the Latest Practicable Date, the demerit points previously issued to our Group have lapsed and are no longer valid for the purposes of computing the demerit points issued to our Group under the demerit points system for the construction sector.

Our Group is of the view that the four instances of stop work orders issued to our Group during the Track Record Period and up to the Latest Practicable Date have minimal impact on our Group's operations and financial results based on the following:

(i) for the two stop work orders issued in March 2015 and the stop work order issued in February 2017, the construction projects in relation to these stop work orders have been completed as at the Latest Practicable Date, and the stop work orders did not cause any material cost overrun or delay in the completion of the projects;

(ii) for the stop work order issued in June 2017, the construction project in relation to the stop work order is ongoing and based on the current progress, the stop work order will not cause any material cost overrun or delay in the completion of the project;

(iii) in the event our Group is required by the customer to make payment of liquidated damages due to project delay as a result of the partial stop work order issued on 21 June 2017, our maximum exposure on liquidated damages is approximately S$0.5 million, which is immaterial to our Group's financial position. None of the other stop work orders have resulted or will result in payment of any compensation or damages by our Group to the respective customers;

(iv) the three stop work orders issued on 3 March 2015, 15 February 2017 and 21 June 2017 respectively were partial orders with limited effect on the overall project progress and were not issued due to any fatalities. In particular, the partial stop work order issued on 21 June 2017 did not arise from any workplace accident or injury, but rather due to our workers' poor communication skills and inadequate documentation to support the construction methods rather than a systemic workplace safety failure; and

(v) the stop work orders had no material operational consequences on our Group as they have not affected the licences of our Group used for conducting our business or the recruitment of foreign workers required to carry out our business, given that the number of demerit points issued to our Group was not significant and no material penalty was imposed on our Group.

Our legal adviser as to Singapore law is of the view that it is unlikely that further proceedings will be taken against or financial penalties imposed on our Group in respect of each of the particular incidents giving rise to the respective stop work orders detailed in the table above.

In the event that HPC Builders accumulate a minimum of 25 demerit points within a period of 18 months, HPC Builders will be debarred from hiring new foreign employees for a period of three months. Our Executive Directors are of the view that the potential impact of any such debarment on our operations is minimal. The debarment applies only to the hiring of new foreign employees and does not affect the renewal of the work passes of our current foreign employees. Our Executive Directors have confirmed that our Group's current labour force is sufficient to cater for any such debarment being imposed on HPC Builders. Further, in the event that our Group requires additional foreign workers, our Group may also enter into labour supply contracts with various subcontractors that our Group has previously worked with. Our Group also confirms that the potential impact of such debarment on our financial results is minimal. The debarment does not involve any monetary fine being imposed on our Group and our Executive Directors are of the view that any additional costs arising from the additional labour supply contracts are unlikely to have any material adverse impact on our Group's operations and financial results.

All of the abovementioned fines imposed from non-compliance incidents were fully settled and where applicable, rectification work was carried out where so ordered by the authority. Save as disclosed above, there was no further action imposed on us, including no debarment from the employment of foreign workers as a result of work place safety non-compliances.

The above cases occurred mainly due to the inadequate internal control procedures and policies, and widespread construction activities at each construction sites which at times may be difficult for our project managers, site supervisors, safety officers and safety supervisors to detect all non-compliances. In order to prevent the recurrence of the above cases, our Group has appointed one of our senior management, Mr. Lim Boon Siew, as the Project Director who is responsible for overseeing the implementation of our Group's internal control procedures relating to workplace safety. Please refer to the section headed "Directors, Senior Management and employees" in this prospectus for the qualifications and experience of Mr. Lim. Further, our Group ensures the appointment of a WSH officer in respect of each construction project and each of such WSH officers has successfully completed one or more workplace safety training courses at organisations such as the BCA, the Singapore Contractors Association Ltd Academy and the Singapore Training & Development Association, to equip him to become a WSH officer. As at the Latest Practicable Date, our Group has eight of such eligible WSH officers.

In addition, since June 2015 (i.e. subsequent to our entry into the BUS Programme), our Group has continuously enhanced our internal control policies and procedures, and as at the Latest Practicable Date, implemented the internal control procedures described below to enhance workplace safety compliance:

(i) our Group has a workplace safety & health (WSH) management system, including a safety management manual for the project teams to follow. The manual has been continuously revised and updated by our management team to incorporate our lessons learnt and to keep abreast of the latest industry practices. The safety management system has also been audited in April 2016 by an independent quality assurance agency, and in June 2017 by an independent safety auditing agency approved by the occupational safety department of the MOM;

(ii) a workplace safety and health committee has been established for each project (each a "**Project WSH Committee**"), which typically comprises the project manager (as the chairman), the WSH officer (as the secretary), the WSH coordinator and the site supervisor. Subsequent to our Group's entry into the BUS Programme, our Group has also strengthened the composition of the Project WSH Committee by inviting project engineers and subcontractor representatives to join the Project WSH Committee;

(iii) the management representative in relation to the BUS programme conducts surprise visits at our Group's project sites to check on conformity since June 2015;

(iv) internal safety project cross audit is conducted on a weekly basis since June 2015;

(v) meetings are conducted on a monthly basis to discuss and share the lessons learnt so as to enhance safety mindset;

(vi) the management representative participates in weekly tool box meetings and monthly WSH meetings since June 2015;

(vii) a Fall Prevention Plan ("**FPP**") has been established and continuously enhanced. It stipulates work-at-height guidelines for workers to comply with. Each worker has to acknowledge that they have read the FPP before carrying out any work-at-height activities;

(viii) a WSH daily checklist has been established to monitor the status of the remedial actions implemented to address the seven key improvement areas. The WSH daily checklist is prepared by the safety supervisor / safety coordinator and reviewed by the project manager and safety official for each project site.

In addition, with a view to further enhancing our Group's WSH system, our Group has on 19 April 2018 appointed an Independent Non-executive Director, Mr. Ong Toon Lian ("**Mr. Ong**"), with experience in WSH systems to supervise and monitor the implementation of our Group's WSH policy and regulations. Further, our Group has on 19 April 2018 established a workplace safety and health committee (the "**Group WSH Committee**"), with Mr. Ong chairing the committee, to implement our Group's WSH policy and regulations. The Project WSH Committees report to the Group WSH Committee on a monthly basis, which in turn reports to our Board at least every three (3) months regarding the implementation of our Group's WSH policy and regulations. The Group WSH Committee, with the assistance and cooperation of the Project WSH Committees, also conducts frequent training and inspections to cure any systemic lapses in the Group's WSH policy and regulations. For more details on Mr. Ong and the Group WSH Committee, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

While our Group is committed to improving and maintaining a robust workplace safety and health system, we are also cognizant that the MOM is shifting from a fault-finding approach to a preventive approach by adopting more stringent measures in order to prevent workplace accidents. The Vision Zero Movement was launched in 2015 in Singapore during the National WSH Campaign with the message "I can prevent all injuries and be healthy at work." The movement advocates a mindset shift from focusing on individual fault finding to one that is centred on solutions to prevent injuries and ill health. In 2016, due to an increasing number of workplace fatalities in the first four months of 2016, MOM adopted more stringent measures and stiffer penalties, including the expansion of the period of stop work order from two weeks to three weeks. The Minister for Manpower of Singapore, Mr. Lim Swee Say, stated in his speech at the Closing Ceremony of the 21st World Congress on Safety and Health at Work 2017 that Singapore's target is to reduce the fatality rate to less than 0.1 per 10,000 employed persons in 2028. In 2017, the WSH Council ramped up outreach and engagement efforts, complemented by targeted enforcement operations by MOM's inspectors. The MOM conducted about 16,000 inspections and issued a total of 71 stop work orders, and more than 1,200 fines and over 9,000 notices of non-compliance in 2017. The MOM has announced that it will sustain the pace of enforcement operations and engagement in 2018.

Based on the above, we believe that MOM has tightened and will keep tightening its enforcement regime by adopting more stringent measures in order to reduce workplace accidents. It therefore follows that construction companies in Singapore, despite making great efforts to comply with the regulation regime, may still be found non-compliant from time to time due to more stringent enforcement measures having been introduced.

Environmental law breaches

The following table sets out a summary of the environmental laws and regulations breaches and non-compliances ("**Environmental Law Non-compliances**") identified by the NEA or the PUB during the Track Record Period and up to the Latest Practicable Date:

		Year ended 31 October					
		2015		2016		2017	
Nature of Breaches	**Regulatory Authority**	*No. of counts*	*Aggregate fines (S$)*	*No. of counts*	*Aggregate fines (S$)*	*No. of counts*	*Aggregate fines (S$)*
Noise Control	NEA	Four	41,000	Nil	Nil	Nil	Nil
Mosquito Breeding	NEA	Seven	12,000	Two	7,000	Nil	Nil
Water Pollution Control	PUB	Three	4,000	One	1,000	Nil	Nil

All of the above mentioned fines imposed from Environmental Law Non-compliances were fully settled and where applicable, rectification work was carried out.

Our Group engaged specialists from the pest control company to carry out regular spraying of insecticides and fogging of the whole construction site to prevent mosquito breeding. However, there may be certain areas which are inaccessible or which were overlooked by the specialists of the pest control company which resulted in the above non-compliances on mosquito breeding and vector control.

As for the cases on noise control, the Environmental Law Non-compliances were committed by our subcontractors without our knowledge and permission and our project managers are mainly responsible for supervising all environmental laws and regulations matters in the construction sites. In order to prevent the recurrence of the above cases, our Group implemented the following procedures as at the Latest Practicable Date to enhance environmental compliance (including noise, mosquito and water pollution control):

Nature of breach	Rectification measures
Noise Control	• Our Group has established a Noise Management Plan ("**NMP**") relating to the following key areas: • Procedures for Preparation of Noise Management Plan • Noise Control • Noise Barrier Requirement • Public Relations & Community Relations • Recommended Measures • Noise Monitoring • The NMP is prepared by the safety officer, reviewed by the project manager and submitted to the NEA as and when required. • A noise meter shall be installed at the most sensitive premises nearest to the construction site for monitoring purpose, and the noise chart is recorded on a real time basis. • Our Group has engaged an accredited noise measurement contractor to measure the noise generated in the site and a report is submitted to the NEA as and when required.
Mosquito Breeding	• Our Group has established a site environmental control policy and it stipulates the vector control measures and controls over mosquito breeding. • For each project, our Group has engaged specialists from the pest control company to carry out regular spraying of insecticides and fogging of the whole construction site to prevent mosquito breeding. • On a daily basis, a checklist for mosquito breeding has been prepared by the environment control officer of the project and reviewed by the relevant project manager. The summary of the findings and follow up actions will be sent to the human resource department and the accounting department for records. • On a bi-weekly basis, a site environmental control report, including a mosquito breeding checklist, is prepared by the environment control officer of the project and submitted to the relevant project manager for review and approval.

Nature of breach	Rectification measures
Water Pollution Control	• Strengthened subcontractor screening procedure to exclude those subcontractors with non-compliance reputation and records. A stringent penalty system has been introduced to impose penalties on non-complying subcontractors. • The project manager shall strictly follow the construction plan and ensure all work is carried on under supervision. • An action team is set up for each project to stand by and take necessary action to prevent possible drainage issues when there is rain. • The staff's performance appraisal is directly related to the compliance of applicable laws and regulations, such that anyone who is responsible for non-compliance would be rated as having underperformed, which eventually affect his rewards and promotion.

Under Section 53(1) of the Control of Vectors and Pesticides Act (Chapter 59 of the laws of Singapore), Regulation 2 of the Sewerage and Drainage (Composition of Offences) Regulations (Section 70 of the Sewerage and Drainage Act (Chapter 294) of the laws of Singapore) and Section 72(1) of the Environmental Protection and Management Act (Chapter 94A) of the laws of Singapore), the relevant authority has the power to compound any offence by way of a fine up to a certain limit. On payment of such sum of money, no further proceedings shall be taken against that person in respect of such offences. Our legal adviser as to Singapore law is of the view that no further proceedings shall be taken against our Group in respect of the Environmental Law Non-compliances where the composition fines have been fully settled.

Non-compliance under the Employment of Foreign Manpower Act

The following table sets out the breaches and non-compliances relating to employment laws ("**Employment Law Non-compliances**") identified by the MOM during the Track Record Period and up to the Latest Practicable Date:

Date of notice/ summons	Regulations	Details of breach / non-compliance	Penalty	Current Status
21 September 2015	S22(1)(a) of the Employment of Foreign Manpower Act	Unacceptable accommodation for workers	Fine of S$50,000	The fine was fully settled on 17 October 2015.
21 September 2015	S22(1)(a) of the Employment of Foreign Manpower Act	Unacceptable accommodation for workers	Fine of S$60,000	The fine was fully settled on 17 October 2015.

Our human resource executive, with the assistance of the project managers, is mainly responsible for supervising all labour related matters for all employees including those workers and employees in the construction sites.

In order to prevent the recurrence of the above cases, our Group has implemented the following rectification measures as at the Latest Practicable Date:

(i) in relation to workers' quarters on site, strict regulatory control has been implemented so that the quarters have to meet the technical requirements of relevant government agencies, such as the Singapore Civil Defence Force, NEA and BCA, to ensure safe and hygienic living conditions. Our Group has established a control checklist to ensure that the quarters meet the relevant requirements imposed by relevant government agencies before applying for approvals from such agencies;

(ii) for workers staying at the licensed foreign worker dormitories, only approved foreign worker dormitories under the Foreign Employee Dormitories Act 2015 (Act 3 of 2015 of the laws of Singapore) are selected;

(iii) in order to enhance the living environment of the quarters and to ensure that the accommodation for our workers is acceptable, our Group has established a dormitory management policy, with reference to the applicable regulatory guidelines (e.g. the self-assessment compliance checklist issued by MOM to assess the standards of the workers' quarters) as a preventive control. The dormitory management policy provides guidelines and rules for the dormitory residents to follow. All workers staying in the dormitory have to acknowledge and comply with the dormitory management policy;

(iv) the approved dormitory management and management representative carry out surprise visits to inspect the dormitories to ensure the dormitory residents comply with the dormitory management policy. Inspection results are documented and retained for reference; and

(v) our Group has established a penalty system that imposes on dormitory residents warnings or penalties for any violation of the provisions of the dormitory management policy. Pursuant to the penalty system, one instance of violation will result in a warning given, two instances of violation will result in a fine being imposed and three instances of violation will result in termination of the relevant employee.

Under Section 27(1) of the Employment of Foreign Manpower Act, the relevant authority has the power to compound any offence by way of a fine up to a certain limit. On payment of such sum of money, no further proceedings shall be taken against that person in respect of such offences. All fines which have been fully settled were in respect of composition amounts in respect of the non-compliance. In respect of the aforementioned matters, our legal adviser as to Singapore law is of the view that no further proceedings will be taken against our Group in respect of the Employment Law Non-compliances where the composition fines have been fully settled.

Non-compliance under the Street Works Act

Our Group received a notice from the Land Transport Authority of Singapore ("**LTA**") dated 4 March 2015, imposing a composition fine of S$500 and 150 demerit points on our Group for carrying out works without exercising proper care to protect the structure of public street and any road, related facility thereof, under Regulation 9 and item 19(a) of the schedule of the Street Works (Works on Public Streets) Regulations of Singapore (read with Section 53 of the Street Works Act (Chapter 320A of the laws of Singapore)) ("**Public Infrastructure Law Non-compliance**"). The fine of S$500 has been fully settled by our Group on 14 April 2015. The offence was related to underground pipe jacking work carried out by our Group on 10 February 2015 along Bishan Street 13 Lamp Post 28, Singapore, where the road pavement was slightly caved in.

For the purpose of the Street Works (Works on Public Streets) Regulations of Singapore, any contractor who has within any one calendar month, been awarded a total number of 200 or more demerit points shall be deemed to be a person who is not fit and proper to be entrusted with the carrying out of any works on any public street and LTA may revoke its approval of the appointed contractor and suspend the carrying out of works until another contractor has been appointed. As at the Latest Practicable Date, our Group has not been granted any further demerit points, as such, there is no impact to our Group's business operations.

In order to prevent the recurrence of the above case, our Group has implemented the procedures described below as at the Latest Practicable Date:

(i) strengthened subcontractor screening procedure to exclude those subcontractors with non-compliance reputation and records. A stringent penalty system has been introduced to impose penalties on non-complying subcontractors;

(ii) the project manager shall strictly follow the construction plan and ensure all work is carried on under supervision;

(iii) the staff's performance appraisal is directly related to the compliance of applicable laws and regulations, such that anyone who is responsible for non-compliance would be rated as having underperformed, which eventually affect his rewards and promotion; and

(iv) in the event of future non-compliance incidents, internal meetings will be conducted among all project managers to discuss and share the root causes and enhanced measures to prevent future recurrence, in order to raise the project team's awareness.

Under Section 52(1) of the Street Works Act (Chapter 320A of the laws of Singapore), the relevant authority has the power to compound any offence prescribed as a compoundable offence by way of a fine up to a certain limit. On payment of such sum of money, no further proceedings shall be taken against that person in respect of such offences. The fine of S$500 imposed on our Group which has been fully settled was in respect of composition amount in respect of the Public Infrastructure Law Non-compliance. In respect of the aforementioned matter, our legal adviser as to Singapore law is of the view that no further proceedings will be taken against our Group in respect of the Public Infrastructure Law Non-compliance where the composition fine has been fully settled.

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

Our Directors' and the Sole Sponsor's views

With a view to strengthen the internal control procedures of our Group, we engaged an independent internal control consultant (the "**Internal Control Consultant**") in December 2016 and February 2018 to perform a review over the rectification measures taken by our Group ("**Enhanced Internal Controls Measures**") to prevent recurrence of the non-compliance incidents as set out in this paragraph headed "Business — Regulatory Compliance". The internal controls review was conducted based on information provided by our Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. The Internal Control Consultant raised no further recommendations.

Subsequent to HPC Builders' exit from the BUS Programme, our Group has also engaged an external safety adviser (the "**Safety Adviser**"), an independent safety auditing agency approved by the occupational safety department of the MOM to conduct an audit in May 2017 on the workplace safety and health system of our Group and perform a comprehensive review on the workplace safety and health measures implemented by our Group. As part of its review, the Safety Adviser inspected the construction sites of three of our Group's ongoing projects, including the construction site that was imposed the partial stop work order on 15 February 2017.

Based on the Safety Adviser's review of our Group's workplace safety and health measures at our construction sites and our Group's internal control system, the Safety Adviser has opined that:

(i) in respect of our Group's ongoing projects, the Safety Adviser has not found any material deficiencies in the Group's workplace safety and health management system;

(ii) in respect of our Group's ongoing projects, the rectification measures in relation to the instances of non-compliances are adequate and effective and in compliance with the relevant workplace safety and health law and regulations;

(iii) the additional measures implemented by our Group to prevent recurrence of future non-compliance incidents were adequate and effective; and

(iv) our Group's current internal controls system and workplace safety and health management system are adequate and effective to prevent further instances of non-compliances.

Further, subsequent to the partial stop work order imposed on our Group on 21 June 2017, the Safety Adviser was appointed to conduct a further round of Construction Safety Audit Scoring System (ConSASS) audit to evaluate the effectiveness of HPC Builders' occupational safety and health management system, as part of the rectification measures ordered by the MOM in relation to the partial stop work order.

Based on the following:

(a) no injury or accident did actually happen to give rise to the partial stop work order;

(b) the partial stop work order was issued on a preventive basis, and was subjective, which may not indicate that the safety measures of our Group have material deficiencies;

(c) the CONSASS audit did not identify any material deficiencies in our Group's WSH management system and the audit was completed as part of the rectification measures of the partial stop work order; and

(d) MOM was satisfied with the current rectification, as evidenced by the lifting of the partial stop work order,

the Safety Adviser has reaffirmed that (i) the additional measures implemented by our Group to prevent recurrence of future non-compliance incidents were adequate and effective and in compliance with the relevant workplace safety and health law and regulations; and (ii) our Group's internal control system and WSH management system is adequate and effective to prevent injuries and accidents and future instances of non-compliances.

Our Directors are of the view that the Enhanced Internal Controls Measures were adequate and effective, having considered the results of the review by the Internal Control Consultant and the Safety Adviser.

Our Directors consider that the non-compliance instances set out in the paragraph "Business — Regulatory Compliance" did not and will not have any material operational or financial impact on our operations and these non-compliances will not affect the suitability of our Directors to act as directors of a listed issuer under Rule 3.08, 3.09 and 8.15 of the Listing Rules and the suitability for listing of our Company under Rule 8.04 of the Listing Rules, for the following reasons:

(i) as at the Latest Practicable Date, HPC Builders has only 14 unexpired cumulative demerit points and DHC Construction has only two unexpired cumulative demerit points arising from these non-compliance incidents, which are substantially less than those accumulated by our Group's major competitors (such as A1 grade construction companies as ranked by BCA), and such unexpired demerit points have had no material impact on our Group's financial results and operations;

(ii) all of the relevant fines imposed in respect of the non-compliance incidents were fully settled and where applicable, all rectification work was carried out where so ordered by the authority and there has been no further prosecution or disciplinary actions carried out by MOM;

(iii) the instances of composition fines imposed by the MOM on our Group as a ratio to our Group's revenue during the Track Record period is much lower than the national average, and the aggregate amount of fines paid by us in connection with these non-compliance incidents during the Track Record Period and up the Latest Practicable Date were not material and did not have any material adverse impact on our financial results and operations;

(iv) while our Group has had lapses in compliance with WSH regulations during the Track Record Period, these lapses were not out of the ordinary given the complexity and dynamic nature of the construction business, and they were relatively minor and not more serious than those commonly occurring in the construction industry in Singapore;

(v) while our Group had 69 breaches of WSH regulations during the Track Record Period and up to the Latest Practicable Date, this should be considered in totality with other parameters such as the nature of the breaches and the significance of the demerit points system. It is the demerit points system (instead of the number of breaches) that provides a direct measurement on the overall compliance standard of the market participants in the construction sector. Further, we believe that some of these breachese are attributable to MOM's shift from a fault-finding approach to a preventive approach by adopting more stringent measures in order to prevent workplace accidents, for example, notices of non-compliances were issued where sign boards were not prominently displayed at suitable locations. Out of the 69 breaches, 22 breaches resulted in orders for rectification works only, with no corresponding fine or any other penalty imposed;

(vi) as the construction industry involves inherent industrial risks and occupational hazards which may not be completely eliminated through implementing safety measures, breaches of the sophisticated and comprehensive Singaporean workplace safety and health regulations are not uncommon throughout the entire industry. We believe that MOM is shifting from a fault-finding approach to a preventive approach by adopting more stringent measures in order to prevent workplace accidents. The Vision Zero Movement was launched in 2015 in Singapore during the National WSH Campaign with the message "I can prevent all injuries and be healthy at work." The movement advocates a mindset shift from focusing on individual fault finding to one that is centred on solutions to prevent injuries and ill health. In 2016, due to an increasing number of workplace fatalities in the first four months of 2016, MOM adopted more stringent measures and stiffer penalties, including the expansion of the period of stop work order from two weeks to three weeks. The Minister for Manpower of Singapore, Mr. Lim Swee Say, stated in his speech at the Closing Ceremony of the 21st World Congress on Safety and Health at Work 2017 that Singapore's target is to reduce the fatality rate to less than 0.1 per 10,000 employed persons in 2028. In 2017, the WSH Council ramped up outreach and engagement efforts, complemented by targeted enforcement operations by MOM's inspectors. The MOM conducted about 16,000 inspections and issued a total of 71 stop work orders, and more than 1,200 fines and over 9,000 notices of non-compliance in 2017. The MOM has announced that it will sustain the pace of enforcement operations and engagement in 2018. Based on the above, we believe that MOM has tightened and will keep tightening its enforcement regime by adopting more stringent measures in order to reduce workplace accidents. It therefore follows that construction companies in Singapore, despite making great efforts to comply with the regulation regime, may still be found of non-compliant from time to time due to more stringent enforcement measures having been introduced;

(vii) save for the 14 demerit points recorded against HPC Builders and the two demerit points recorded against DHC Construction which have not expired as at Latest Practicable Date, no further action was imposed on us including, debarment from the employment of foreign workers as a result of these non-compliances;

(viii) notwithstanding these non-compliances, we have obtained and maintained all necessary licences that are material to our business operations, and, during the Track Record Period and up to the Latest Practicable Date. In particular, HPC Builders continues to be registered by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade and under the CW02 workhead for "Civil Engineering" at B1 Grade, which allows our Group to tender for and undertake contracts for general building works and civil engineering projects in the public sector of unlimited contract value and contract values of up to S$40 million, respectively. Further, HPC Builders has obtained a bizSAFE Level Star certificate in February 2017. The bizSAFE Star certification is the highest of five levels of certification and is awarded by the Workplace Safety and Health Council of Singapore to organisations which deliver excellence in their workplace safety and health management system;

(ix) in connection with our exit from the BUS Programme, we had demonstrated our commitment to the satisfaction of the MOM by formulating and implementing a comprehensive and sustainable plan designed to tackle systemic lapses which the MOM had identified that HPC Builders faced;

(x) subsequent to our exit from the BUS Programme, our Group has not received any notices in respect of the BUS programme. While our Group has been notified of 21 instances of workplace safety breaches (including two partial stop work orders), our Directors are of the view that these incidents do not indicate a general lack of safety measures or system inadequacy or affect our Group's prospects in securing new contracts. In contrast, these incidents were more a reflection of increased surveillance and aggressive enforcement actions than a fall in safety standards. The circumstances of the imposition of the two partial stop work orders after our exit from the BUS Programme did not result from serious incidents or accidents, as there were no injuries. These partial stop work orders were issued on a preventive basis, which was also reflected by insignificant composition fines and no withdrawal or suspension of importation of foreign manpower;

(xi) subsequent to our exit from the BUS Programme, we have engaged the Safety Adviser to opine on our Group's current internal controls system and workplace safety and health management system. The Safety Adviser has opined that the current internal controls system and workplace safety and health management system are adequate and effective to prevent further instances of non-compliances;

(xii) one of our Group's key values is our focus on workplace safety and health compliance culture, as our Group has continuously strived to improve and maintain a robust WSH system. In particular, we have taken measures to enhance our workplace safety, including but not limited to providing more training to our workers, engaging the Safety Adviser to conduct review and assessment, appointing an Independent Non-executive Director, Mr. Ong, who is experienced in WSH systems, setting up the Group WSH Committee which is chaired by Mr. Ong, and implementing more stringent procedures to monitor the performance of our internal control system. Details of such measures have been set out in the paragraphs headed "Workplace Safety and Health Policy", "BUS Programme" and "Workplace Safety Breaches" in this section. We believe that our Group's success in obtaining the highest level of bizSAFE certificate further to our exit from the BUS Programme represents a significant improvement in our Group's workplace safety status and management system;

(xiii) given our continued efforts to improve workplace safety and reduce instances of workplace injuries, our workplace injury rate, workplace fatal injury rate and lost-time injuries frequency rate for the year ended 31 October 2017 were lower than the industry average in Singapore. For more details on our Group's workplace injury rate, workplace fatal injury rate and lost-time injuries frequency rate during the Track Record Period, please refer to the paragraph headed "Workplace Safety and Health Policy — Employees' compensation claims" of this section; and

(xiv) in respect of the Workplace Safety Non-compliances, the Environmental Law Non-compliances, the Employment Law Non-compliances and the Public Infrastructure Law Non-compliance, our legal adviser as to Singapore laws is of the view that no further proceedings will be taken against our Group in respect of offences where the composition fines have been fully settled.

Having considered the views of our Directors, our legal adviser as to Singapore law and the Safety Adviser, and taking into account of the fact that the Internal Control Consultant raised no further recommendations in connection with its review of the Enhanced Internal Controls Measures, the Sole Sponsor concurs with the above views of both our Directors and the Internal Control Consultant.

LITIGATION

Prior to the Track Record Period

In June 2008, MOM commenced investigations (the "**Investigations**") against Mr. Wang for suspected breaches of the EFWA, for among other things, furnishing information to the MOM which he knew to be false in a material particular on the Central Provident Fund ("**CPF**") contribution lists and applications for work permits for HPC Builders and another entity in which he was a senior management (together, the "**Investigated Entities**").

For further details of the changes in the corporate structure of HPC Builders effected as a result of the Investigations, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Our History — History of our Singapore subsidiaries — HPC Builders" in this prospectus.

In November 2010, Mr. Wang was charged with multiple breaches under Section 22(1)(d) of the EFWA in Singapore while managing the Investigated Entities for furnishing information to the MOM which he knew to be false in a material particular (the "**Charges**"). The Charges were related to the hire of phantom qualified employees in order to increase the Investigated Entities' quota to hire foreign employees (the "**Phantom Employee Arrangement**").

The Phantom Employee Arrangement was already in place in SCG Singapore Branch around middle of 2000, that is prior to Mr. Wang's promotion as SCG Singapore Branch's general manager in June 2002. In his capacity as deputy general manager of SCG Singapore Branch, Mr. Wang was responsible for on-site construction project management at the material time and he was not complicit in establishing the Phantom Employment Arrangement nor was he the mastermind behind the scheme.

The Phantom Employee Arrangement was presented to Mr. Wang after his appointment as general manager of SCG Singapore Branch as being common practice at the relevant time.

When Mr. Wang took over as general manager of SCG Singapore Branch in June 2002, he effectively inherited the then management measures and practices in place (including the Phantom Employee Arrangement) without obtaining external professional advice. Under the impression that the arrangement was common practice in Singapore, SCG Singapore Branch, HPC Builders and Mr. Wang continued to implement the Phantom Employee Arrangement.

The relevant declaration in the application form to MOM leading to the Charges was in relation to Central Provident Fund contributions payable by an employer in respect of employees who are Singapore Citizens and Singapore Permanent Residents working in Singapore and was a new requirement under the relevant Singapore law introduced only since 3 January 2007. The offences were committed due to the management's unfamiliarity with the new declaration in the relevant application form given the lack of professional advice at the material time, and the lack of awareness of the implications of falsely making the declaration in the application form. Mr. Wang was unfamiliar with the change of the legal requirements with respect to the relevant declaration and he had signed the relevant application forms as he was under the impression that the Phantom Employee Arrangement was common practice in Singapore. Following changes in legal requirements in the relevant laws and regulations, MOM stepped up investigations, enforcement and prosecution actions in Singapore and SCG Singapore Branch, HPC Builders and Mr. Wang were caught in this enforcement wave against practices which they had believed were common practice in Singapore and which were also reported as being rampant in other economic sectors.

After being made aware that the Phantom Employee Arrangement contravened applicable Singapore laws, Mr. Wang took immediate steps in the second half of 2008 to bring the foreign worker employment arrangements of SCG Singapore Branch and HPC Builders in line with the applicable Singapore laws including cancelling work permits and transferring certain foreign workers to other companies.

Further to the multiple rounds of representation to the Singapore Deputy Public Prosecutors since the commencement of the Investigations, taking into account the short period and circumstances of contravention and the subsequent corrective actions taken by Mr. Wang, the Charges against Mr. Wang were withdrawn by the Singapore Deputy Public Prosecutors in November 2011 and he paid a composition sum of S$18,000 and was discharged with no criminal record, amounting to an acquittal, with no further investigation or prosecution against Mr. Wang.

Although Mr. Wang personally was acquitted of all charges, each of the Investigated Entities was charged with multiple breaches under 22(1)(d) of the EFWA in Singapore for undertaking the Phantom Employee Arrangement. The Investigated Entities pleaded guilty to the charges proffered against them in June 2012 and paid an aggregate fine of S$62,500 and of S$30,000, respectively.

Other than the conviction of HPC Builders in connection with the Phantom Employee Arrangement in June 2012, each of Mr. Wang, Mr. Shi, HPC Builders and DHC Construction has confirmed that they are not subject to any other investigations, prosecutions and/or proceedings for matters relating or similar to Phantom Employee Arrangement.

To ensure that our Executive Directors and senior management of our Group stay abreast of legal developments in the construction industry in Singapore, our Executive Directors and senior management of our Group attended a training session in May 2017 conducted by a Singapore qualified lawyer in relation to the key laws and regulations in Singapore relevant to and generally applicable to the construction industry in Singapore, including laws and regulations relating to the employment of foreign workers and workplace safety and health. Our Group intends to provide regular training on such laws and regulations, including those relating to employment of foreign workers and workplace safety and health, to our Directors and employees after the listing of our Company.

The breaches that resulted in the Charges, the conviction and payment of fines by each of SCG Singapore Branch and HPC Builders occurred way outside the Track Record Period, and did not have any material adverse impact over its business, operational and financial growth over the years following its conviction.

During the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and as at the Latest Practicable Date, we were involved as defendant in one case of motor accident without injury, one case of non-payment of charges under hiring agreement and nine cases of personal injuries involving employees of our Group or our subcontractors (including the proceedings arising from the 2014 Accident and the 2015 Accident). Four of the personal injuries proceedings involved injuries of the employees of our subcontractors, as such they resulted in civil proceedings against our Group but not compensation claims under the Work Injury Compensation Act. Save for three cases of personal injuries, the other cases have all been concluded or settled. The compensation or settlement amounts arising from the personal injuries cases were fully covered by our Group's insurance policies (save for the fines of S$180,000 and S$120,000 imposed on our Group in relation to the 2014 Accident and 2015 Accident respectively, details of which are set out in the paragraph headed "Business — Fatal Accidents" of this prospectus). The compensation or settlement amounts arising from the two litigation cases unrelated to personal injuries amounted to approximately S$82,000 in aggregate. Our Directors confirm that each of the three outstanding claims are fully covered by our Group's insurance policies and would not result in any material impact on the financial position or results and operations of our Group. The aggregate compensation or claim amount relating to the outstanding claims is approximately S$648,000.

Save as disclosed above and in the paragraphs headed "Fatal Accidents" and "Employees' Compensation Claims" of this section, our Directors confirmed that during the Track Record Period and as at the Latest Practicable Date, there was no other outstanding, settled, pending or threatened litigation, proceedings or claims against our Group or any of our Directors which, individually or taken as a whole, could have a material adverse effect on our Group's financial condition or results of operations.

CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Tower Point, which is owned as to 100% by Mr. Wang, and Creative Value, which is owned as to 100% by Mr. Shi, holds 55.0% and 45.0% of the total issued share capital of our Company, respectively. Immediately upon completion of the Capitalisation Issue and the Global Offering without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option, Mr. Wang and Mr. Shi, through Tower Point and Creative Value, will be interested in 41.25% and 33.75% of the total issued share capital of our Company, respectively.

Save as disclosed above, there is no other person who will, immediately following the completion of the Capitalisation Issue and the Global Offering, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

Relationship between Mr. Wang and SCG Singapore Branch

During Track Record Period, Mr. Wang, the chairman of our Board, chief executive officer, an Executive Director and a Controlling Shareholder of our Company, was an authorised representative of SCG Singapore Branch. For details of the roles and responsibilities of Mr. Wang in SCG Singapore Branch, please refer to the paragraph headed "Directors, Senior Management and Employees — Board of Directors — Executive Directors — Mr. Wang Yingde".

SCG Singapore Branch is a foreign company registered in Singapore which is controlled and managed by Shanghai Construction (Group) General Company Overseas Business Department (上海建工(集團)總公司海外事業部) ("**SCG Overseas Business Department**").

SCG Singapore Branch was principally engaged in the provision of construction services and acted as main contractor for various construction projects in Singapore. According to the unaudited management accounts of SCG Singapore Branch for the year ended 31 December 2017, its loss for the year ended 31 December 2017 is approximately S$88,000.

The business of our Group covers provision of construction works as both a main contractor and subcontractor to the public and private sectors in Singapore, and involved in the industrial, logistics and warehouse, infrastructure, residential and commercial construction projects in Singapore.

Mr. Wang was mainly responsible for the business development and daily affairs management of SCG Singapore Branch up to November 2012 when he ceased to be the general manager of SCG Singapore Branch. To the best knowledge of Mr. Wang, SCG Singapore Branch started to wind down operations and businesses in Singapore in around the second half of 2012. Since March 2013, Mr. Wang had been assisting SCG Overseas Business Department to handle the termination of the business of SCG Singapore Branch in Singapore. To the best knowledge of Mr. Wang, SCG Singapore Branch has ceased taking up new projects since the second half of 2012. Mr. Wang ceased to be the authorised representative of SCG Singapore Branch with effect from 26 February 2018.

During the Track Record Period, Mr. Wang is responsible for the business operation and strategic development of the Group. He was also responsible for the internal management and day-to-day operations of the Group. During the Track Record Period, the vast majority of the time and resources of Mr. Wang has been devoted to the development of the Group's business.

Our Directors are of the view that given (i) SCG Singapore Branch has ceased taking up new businesses since around the second half of 2012, (ii) Mr. Wang's role in SCG Singapore Branch had been administrative since 2012 and he ceased to hold any position in SCG Singapore Branch since February 2018 and (iii) Mr. Wang has no control over SCG Singapore Branch and is not the decision maker of SCG Singapore Branch, there is and will be no actual conflict of interests between the business of SCG Singapore Branch and the Group's business.

Save and except for their interests in our Company and its subsidiaries, as at the Latest Practicable Date, neither of our Controlling Shareholders nor any of their associates had interests in any other companies which may, directly or indirectly, compete with our business.

INTEREST IN CONSTRUCTION-RELATED BUSINESS DURING THE TRACK RECORD PERIOD

During the Track Record Period, Mr. Shi and Mdm. Liu, spouse of Mr. Shi, had interest in certain companies which were not members of our Group and were engaged in construction related business. Such companies were either customers and/or subcontractors of our Group during the Track Record Period. In preparation for the Listing, each of Mr. Shi and Mdm. Liu sold their respective shareholdings in such companies in order to avoid any potential conflict of interest issues that may arise from future dealings between such companies and our Group and to minimise any potential connected transactions between our Group and such companies after Listing. As at the Latest Practicable Date, each of Mr. Shi and Mdm. Liu had ceased to be interested in such companies. Details of such companies are set out below:

Mr. Shi

Name of the company	Business of the company	Mr. Shi's shareholding interest in the company immediately before the transfer of such interest to an Independent Third Party	Mr. Shi's interest in the company as at the Latest Practicable Date
BHD Construction Pte. Ltd. ("**BHD Construction**")	General building works and related activities	55%	Nil

On 12 December 2016, Mr. Shi transferred his 55.0% of shareholding in BHD Construction to an Independent Third Party for a consideration of S$373,735 which was equal to the net book value of BHD Construction as of 30 June 2016 and he ceased to be a shareholder of BHD Construction upon completion of such transfers on the same date.

In addition, Mr. Shi was also interested in 100% of shareholding in DHC Construction throughout the Track Record Period until 27 October 2016, on which date the entire issued share capital of DHC Construction was transferred from Mr. Shi to DHC Investments. Please refer to the paragraph headed "History, Reoganisation and Corporate Structure — Our History — History of our Singapore subsidiaries — DHC Construction" of this prospectus for further details of such transfer.

Mdm. Liu

Name of the company	Business of the company	Mdm. Liu's shareholding interest in the company immediately before the transfer of such interest to an Independent Third Party	Mdm. Liu's interest in the company as at the Latest Practicable Date
King Hong Construction & Development Pte. Ltd. (formerly known as "Huang Pu Construction Pte. Ltd." ("**King Hong Construction**")	Civil engineering construction and building construction	65%	Nil
Jiestar Engineering Pte. Ltd. ("**Jiestar Engineering**")	Electrical works service provider	70%	Nil
Onestar Construction Pte. Ltd. ("**Onestar Construction**")	General building works and related activities	100%	Nil

On 30 November 2016, Mdm. Liu transferred her 65.0% of shareholding in King Hong Construction and 70.0% of shareholding in Jiestar Engineering to Independent Third Parties for consideration of S$352,192 and S$354,368, respectively, which were equal to the net book value of each of King Hong Construction and Jiestar Engineering as of 31 October 2016 and 30 September 2016, respectively, and she ceased to be a shareholder of each of such companies on the same date.

On 1 December 2016, Mdm. Liu transferred her 100% shareholding in Onestar Construction to an Independent Third Party for a consideration of S$400,028 which was equal to the net book value of Onestar Construction as of 31 October 2016 and ceased to be a shareholder of the company on the same date.

During the Track Record Period, each of Mr. Wang and Mr. Shi, our Executive Directors, was a director of certain of the above companies, with details as follows:

Name of the company	Name of relevant Director	Period during which the relevant Director was a director of such company
BHD Construction................	Mr. Shi	24 September 2013 to 1 October 2016
King Hong Construction........	Mr. Wang	2 November 2015 to 8 June 2016
	Mr. Shi	23 May 2012 to 8 June 2016
Jiestar Engineering	Mr. Shi	18 October 2014 to 8 June 2016
Onestar Construction...........	Mr. Wang	8 April 2015 to 10 June 2016

As at the Latest Practicable Date, Mr. Wang and Mr. Shi had respectively ceased to be a director of the above companies.

To the best knowledge of the Board and Mdm. Liu, during Track Record Period and up to the completion of disposal of the above companies, there had been no material or systemic non-compliance of rules and regulations by the above companies.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on our Group's business independently from our Controlling Shareholders and their respective close associates (other than members of our Group) upon the Listing.

Management Independence

As at the Latest Practicable Date, no Executive Director has overlapping roles or responsibilities in any business other than our business nor has any business which competes or is likely to compete, either directly or indirectly, with our business.

Each of our Directors is aware of his fiduciary duties as a director of a listed company in Hong Kong which requires that, among others, he acts in the best interests of our Group and does not allow any conflict between his duties as a Director and his personal interests. In case of any potential or actual conflicts of interests between our Controlling Shareholders and us, our Directors will ensure the management of conflicts procedures will comply with the applicable laws and regulations (including the Listing Rules). The independent non-executive Directors will control the majority of votes of the Board and the Articles of Association have also provided the management of conflicts procedures, including but not limited to requiring our Directors to abstain, subject to certain exceptions, from voting on any contract or arrangement or proposal in which they are materially interested.

We believe that we have good corporate governance measures and adequate procedures to avoid and to manage possible conflicts of interests and to safeguard the interests of our Shareholders as a whole when dealing with other companies controlled by our Controlling Shareholders. Our Directors are satisfied that the Board together with the senior management team as a whole is able to perform their roles and manage our Group independently from our Controlling Shareholders after the Listing.

Operational and administrative independence

Our Group will be operated and administrated independently after the Listing as our Group has full right to make all business and operational decisions and has control of our Group's assets, capital, operational personnel and administrative staff who are separate and fully independent from our Controlling Shareholders and their respective close associates. The organisation structure of our Group is made up of various departments and divisions, each with specific areas of responsibility and none of the operations of our Group are connected with our Controlling Shareholders and their respective close associates.

Our Group is able to access and obtain necessary resources for its operations. Our Group has our own contract and project departments to conduct and sustain our daily operations and business. Our Group also holds and owns the governmental approvals, licences and permits that are significant and critical to our business and operations.

Our Group is able to access our major suppliers and customers independently, and none of the Controlling Shareholders or their respective close associates is/are currently a supplier or intermediary between our Group and any of the suppliers or customers or intermediaries between our Group and any of the customers. Our Group establishes client relationship operations independently. Our Directors believe that our Group will continue to operate independently after the Listing.

Financial independence

We have an independent financial internal control system and make financial decisions according to our Group's own business and operational needs. Our Directors confirm that, as at the Latest Practicable Date, none of our Controlling Shareholders or their respective associates had provided any financial assistance, including but not limited to, loans, guarantees or pledges to our Group, and our Group had not provided any financial assistance, including but not limited to, loans, guarantees or pledges to our Controlling Shareholders or their respective associates. Therefore, our Directors are of the view that our Group is financially independent from our Controlling Shareholders and their respective close associates.

RULE 8.10 OF THE LISTING RULES

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING FROM THE CONTROLLINGS SHAREHOLDERS

Our Controlling Shareholders have confirmed to us that they are neither engaged, nor interested, in any business which, directly or indirectly, competes or may compete with our Group's business.

On 19 April 2018, our Company (for itself and as trustee for and on behalf of our subsidiaries) entered into the Deed of Non-competition with each of our Controlling Shareholders. Pursuant to the Deed of Non-competition, each of our Controlling Shareholders irrevocably and unconditionally, jointly and severally, covenants and undertakes with our Company (for itself and as trustee for and on behalf of our subsidiaries) that, during the period from the Listing Date and up to the date on which (i) the Shares cease to be listed on the Stock Exchange; or (ii) such Controlling Shareholders cease to be Controlling Shareholders of our Company (whichever is the earlier), each of our Controlling Shareholders shall not, and shall procure that none of their respective close associates shall, directly or indirectly, establish, invest, involve in, manage, operate or otherwise hold any right or interest, directly or indirectly, in the business of provision of general construction works to the construction industry in Singapore, and such other business conducted or carried on by our Group from time to time (the "**Restricted Business**") in such other places as our Group may conduct or carry on business from time to time. The Deed of Non-competition and the rights and obligations thereunder are subject to and conditional upon the granting and approval for listing of, and permission to deal in the Shares and the Global Offering becoming unconditional as specified in the section headed "Structure of the Global Offering" of this prospectus.

Our Controlling Shareholders have also covenanted to notify our Company if they or their respective close associates are offered or become aware of any new business opportunity which is, or is likely to be, directly or indirectly competing with the Restricted Business, they shall provide our Company with all necessary information via written notice. We shall have a right to take up the business opportunity within one month after the notice is received from our Controlling Shareholders, in such case, our Controlling Shareholders shall use their reasonable endeavours to assist us to invest in such business opportunity on the terms being offered to our Controlling Shareholders. Our Controlling Shareholders or their respective close associates may only take up such new business opportunity after receiving notice from the Company declining such new business opportunity.

Notwithstanding the aforesaid, the non-competition undertaking as set out above shall not prevent our Controlling Shareholders and their respective close associates from acquiring a direct or indirect shareholding interest in a company listed on any stock exchange anywhere in the world and engaged in any Restricted Business provided that (i) the total number of shares held by the relevant Controlling Shareholder and/or their respective close associates in aggregate does not amount to more than 5% of the issued shares of that company; or (ii) our Controlling Shareholders and their respective close associates are not entitled to appoint such number of directors representing more than 10% of the total number of directors of that company; or (iii) our Controlling Shareholders and their respective close associates shall not be the shareholder with largest shareholding or interest in that company.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to avoid any conflict of interests arising from competing business (if any) and to safeguard the interests of our Shareholders:

(a) our independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by our Controlling Shareholders under the aforesaid non-competition undertaking;

(b) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the non-competition undertaking;

(c) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of our Controlling Shareholders in the annual reports of our Company; and

(d) our Controlling Shareholders will make an annual declaration on compliance with their undertaking under the non-competition undertaking in the annual report of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Our Board is responsible and has general powers for the management and conduct of our business. Our Board currently consists of six Directors, including two Executive Directors and four independent non-executive Directors. The following table sets forth information regarding members of our Board.

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities	Relationship with other Directors and the senior management
Mr. Wang Yingde (王應德)	55	Chairman of the Board, Executive Director and Chief Executive Officer	November 2004	13 October 2016	Overall management, business operation, and strategic development of our Group	None
Mr. Shi Jianhua (施建華)	54	Executive Director and Chief Operations Officer	November 2004	13 October 2016	Daily business execution and management of our Group	None
Mr. Zhu Dong (朱東)	57	Independent non-executive Director	25 January 2017	25 January 2017	Providing independent opinion and judgement to our Board	None
Mr. Leung Wai Yip (梁偉業)	41	Independent non-executive Director	19 April 2018	19 April 2018	Providing independent opinion and judgement to our Board	None
Ms. Ng King Wai Diana (吳敬慧)	48	Independent non-executive Director	19 April 2018	19 April 2018	Providing independent opinion and judgement to our Board	None
Mr. Ong Toon Lian (翁敦廉) ..	51	Independent non-executive Director	19 April 2018	19 April 2018	Providing independent opinion and judgment to our Board	None

The following table sets forth information regarding senior management of our Company:

Name	Age	Position	Date of joining our Group	Appointment date	Roles and responsibilities	Relationship with other Directors and the senior management
Mr. Ewe Tuck Foong (尤德豐)..........	45	Chief financial officer and joint company secretary	October 2016	3 October 2016	Overall accounting and financial management of our Group	None
Mr. Lim Boon Siew (林文秀) .	42	Project director	December 2009	1 August 2015	Daily project management of our Group	None
Mr. Yong Chee Min (楊志明) ...	42	Contract manager	April 2015	1 April 2015	Daily supervision of procurement process, contract management, pricing negotiation and budget preparation of our Group	None

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Yingde (王應德), aged 55, was appointed as a Director on 13 October 2016 and designated as an Executive Director on 15 February 2017. Mr. Wang has over 25 years of experience in construction industry and is mainly responsible for the overall management, business operation, and strategic development of our Group. Mr. Wang, together with Mr. Shi and another individual, incorporated HPC Builders in November 2004 and he was the director of HPC Builders from the date of its incorporation to July 2009. Subsequently, he was re-appointed as a director of HPC Builders since October 2010. Before the incorporation of HPC Builders, Mr. Wang served in Shanghai Construction No. 5 (Group) Co., Ltd. (上海建工五建集团有限公司) as the project manager and engineer from July 1989 to March 1996, mainly responsible for project management. He then served in Shanghai HuZhong Construction Engineering Corporation (上海滬眾建築工程有限公司) as the secretary of the party committee, the vice chairman of the board and the chairman of the board from March 1996 to June 2000, mainly responsible for the business development and daily affairs management. Subsequently, Mr. Wang also served in SCG Singapore Branch, a branch controlled and managed by Shanghai Construction (Group) General Company Overseas Business Department (上海建工(集團)總公司海外事業部) ("**SCG Overseas Business Department**"), as the deputy general manager from June 2000 to June 2002, mainly responsible for construction project management, and was then promoted to the general manager from June 2002 to November 2012, mainly responsible for the business development and daily affairs management. Pursuant to the Singapore Companies Act, a foreign company registered in Singapore as a branch office is required to appoint at least one authorised representative (two authorised representatives were required before 3 January 2016) to accept on its behalf service of process and any notice required to be served on the company. Mr. Wang was an authorised representative of SCG Singapore Branch since October 2002 to February 2018, during which period he was assisting SCG Overseas Business Department to deal with the termination of the business of SCG Singapore Branch in Singapore while their remaining projects are being wrapped up. Mr. Wang has confirmed that subsequent to his cessation as the general manager of the SCG Singapore Branch in November 2012, while he remained as an authorised representative of SCG Singapore Branch, his responsibilities had greatly diminished and his role had shifted from an executive role to an administrative role. As an authorised representative, Mr. Wang did not have the discretion to make executive decisions on behalf of SCG Singapore Branch and instead took instructions from SCG Overseas Business Department. Mr. Wang ceased to be the authorised representative of SCG Singapore Branch with effect from 26 February 2018. In addition, Mr. Wang was a director of Shanghai Construction Group (S) Engineering Pte. Ltd., a company incorporated in Singapore on 22 April 1998.

Mr. Wang was charged with multiple breaches under Section 22(1)(d) of the EFWA in Singapore in relation to the Phantom Employee Arrangement in 2010. The Charges against Mr. Wang were withdrawn by the Singapore Deputy Public Prosecutors. He paid a composition sum of S$18,000 and was discharged with no criminal record, amounting to an acquittal, with no further investigation or prosecution against Mr. Wang. Mr. Wang successfully obtained his Singapore citizenship in January 2016. For further details on the Phantom Employee Arrangement, please refer to the paragraph headed “Business — Litigation” in this prospectus. On 16 November 2011, Shanghai Construction Group (S) Engineering Pte. Ltd. filed an application to the Accounting and Corporate Regulatory Authority of Singapore to be struck off the register as the company had ceased operation since the year ended 31 December 2009 and did not intend to do any business in the future. The Accounting and Corporate Regulatory Authority of Singapore has approved its application to be struck off with effect from 11 April 2012 under Section 344 of the Singapore Companies Act enforceable at that point of time, pursuant to which the Accounting and Corporate Regulatory Authority of Singapore may strike the company’s name off the register if there is reasonable cause to believe that the company is not carrying on business or is not in operation and if the company is able to satisfy the criteria for striking off (including the company having no assets and liabilities). Mr. Wang confirmed that Shanghai Construction Group (S) Engineering Pte. Ltd. was solvent and was not carrying out any business or was not in operation at the time of it being struck off. Mr. Wang also confirmed he did not have any outstanding liabilities in relation to Shanghai Construction Group (S) Engineering Pte. Ltd.’s being struck off and Shanghai Construction Group (S) Engineering Pte. Ltd. had no outstanding liabilities at the time of it being struck off. Mr. Wang was awarded a bachelor degree in surveying from Tongji University (同濟大學) (located in Shanghai, the PRC) in July 1989. Mr. Wang did not hold any directorship in any listed companies during the last three years.

Mr. Shi Jianhua (施建華), aged 54, was appointed as a Director on 13 October 2016 and designated as an Executive Director on 15 February 2017. Mr. Shi has over 30 years of experience in construction industry and is mainly responsible for daily business execution and management of our Group. Mr. Shi, together with Mr. Wang and another individual, established

HPC Builders in November 2004 and he has been the director of HPC Builders since August 2006. Before joining our Group, Mr. Shi served in Shanghai Construction No. 5 (Group) Co., Ltd. (上海建工五建集团有限公司) and consecutively acted as the engineer from July 1983 to May 1991, mainly responsible for certain residential apartment projects and multipurpose warehouse with ancillary office projects, as the subcontracting supervisor of the manufacturing department from June 1991 to February 1995, mainly responsible for project planning and subcontracting audit, as the deputy project manager from February 1995 to December 1996, mainly responsible for certain commercial building projects, warehouse projects and apartment projects, and as the project manager from January 1997 to February 2001, mainly responsible for certain commercial building projects. After then, Mr. Shi served in SCG Singapore Branch as the site manager from February 2001 to February 2003, mainly responsible for the construction project of the Singapore Embassy of the PRC, and as the project director from March 2003 to November 2004, mainly responsible for the renovation project of Toa Payoh apartments and the Changi Factories project. Mr. Shi graduated from Shanghai Construction Engineering School (located in Shanghai, PRC) in October 1983 upon completion of the technical course in industrial and civil construction. Mr. Shi did not hold any directorship in any listed companies during the last three years.

Independent Non-executive Directors

Mr. Zhu Dong (朱東), aged 57, was appointed as the independent non-executive Director of the Company on 25 January 2017. Mr. Zhu has approximately 30 years of experience in financial markets. From August 1982 to August 1986, Mr. Zhu worked at Beijing Coal Mine Machinery Plant of the Ministry of Coal Industry (煤炭工業部北京煤礦機械廠). From September 1986 to November 1992, Mr. Zhu worked at the Department of Foreign Funds Application and Audit of the Bureau of Audit (審計署外資運用審計司). From May 1994, Mr. Zhu was employed as a manager of Beijing Peregrine Investment Consultant Company, mainly responsible for assisting the general manager in developing corporate finance and investment consultancy activities. From May 1998, Mr. Zhu worked at BNP Prime Peregrine Securities Limited, and then worked at BNP Paribas Capital (Asia Pacific) Limited until July 2011, where he was mainly responsible for dealing in securities, advising on securities and corporate finance. From October 2011 to May 2016, he served as the managing director of Nomura International (Hong Kong) Limited, mainly responsible for advising on corporate finance. Mr. Zhu has been the consultant of Nomura International (Hong Kong) Limited since June 2016. Mr. Zhu graduated from Guangxi University (廣西大學) (located in Guangxi Zhuangzu Autonomous Region, the PRC) with a bachelor degree in casting techniques and equipment in July 1982 and completed the master program of business administration in Tsinghua University (清華大學) (located in Beijing, the PRC) in July 1996. Mr. Zhu did not hold any directorship in any listed companies during the last three years.

Mr. Leung Wai Yip (梁偉業), aged 41, was appointed as the independent non-executive Director of the Company on 19 April 2018. Mr. Leung has approximately 15 years of experience in audit and financial management. He has been the chief financial officer and company secretary of Chaowei Power Holdings Limited (a company listed on the Stock Exchange, stock code: 951) since December 2010, mainly responsible for the company's financial management, overseas acquisition and financing and investor relationships. From May 2007 to November 2010, Mr. Leung served as the financial controller and the company secretary of Tiangong International Company Limited (a company listed on the Stock Exchange, stock code: 826), mainly responsible for the initial public offering of the group and post-listing financial management and investor relationships. From March 2000 to August 2005, he acted consecutively as the auditor, senior auditor and manager in the assurance and advisery business services department of Ernst & Young, Certified Public Accountants. In addition, Mr. Leung was a director of Coyoh Limited, a company incorporated in Hong Kong on 8 June 2009 which did not commence any business ever. On 10 October 2014, Coyoh Limited was dissolved by striking off under Section 744(3) of the Companies Ordinance, pursuant to which if the Registrar of Companies in Hong Kong has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar of companies in Hong Kong may strike the name of the company off the register after the expiration of a specified period. Mr. Leung confirmed that Coyoh Limited was solvent and did not carry out any business at the time of it being struck off. Mr. Leung also confirmed he did not have any outstanding liabilities in relation to Coyoh Limited's being struck off and Coyoh Limited had no outstanding liabilities at the time of it being struck off. Mr. Leung graduated with a degree of bachelor of commerce from the University of Alberta (located in Alberta, Canada) in June 1998 and obtained a degree of master of business administration from the Hong Kong University of Science and Technology (located in Hong Kong, the PRC) in November 2010. He has been a member of the American Institute of Certified Public Accountants since December 2002, and an associate member of the Hong Kong Institute of Certified Public Accountants since May 2003. Mr. Leung also served as an independent non-executive director of Miko International Holdings Limited (a company listed on the Stock Exchange, stock code: 1247) during the period from December 2013 to February 2016. Except as disclosed herein, Mr. Leung did not hold any directorship in any listed companies during the last three years.

Ms. Ng King Wai Diana (吳敬慧), aged 48, was appointed as the independent non-executive Director of our Company on 19 April 2018. Ms. Ng has over 20 years of experience in financial markets. She has been the founder and managing partner of Roseville Strategic Ltd. since August 2016. Before that, from May 1993 to May 1996, Ms. Ng served as a trainee officer in the credit and risk administration department of Bank of China Hong Kong branch, mainly responsible for assessment of personal and corporate credit risk, and subsequently transferred to business development department, mainly responsible for marketing and sales of commercial and corporate banking services to corporate clients. From August 1996 to February 2004, she joined Banque Nationale de Paris ("**BNP**") as an assistant manager of China desk, mainly responsible for servicing the financing and general banking need of corporate clients. From March 2004 to March 2007, she served as the senior relationship manager of BNP Paribas Beijing branch, mainly responsible for providing corporate banking solutions and dealing with cross-border financing and advisory transactions for onshore corporate clients. From May 2007 to December 2013, she served as the senior banker with large corporate group of BNP Paribas Hong Kong branch, mainly responsible for providing corporate banking, cross-border financing and risk hedging solutions to conglomerates and large corporate clients. From 2014 to June 2016, she was promoted to managing director of investment banking coverage of BNP Paribas Hong Kong branch, mainly responsible for providing corporate and investment banking products including advisery services to conglomerates and corporate clients. Ms. Ng was awarded a bachelor's degree in social science by the University of Hong Kong (located in Hong Kong) in 1993. Ms. Ng did not hold any directorship in any listed companies during the last three years.

Mr. Ong Toon Lian (翁敦廉), aged 51, was appointed as the independent non-executive Director of our Company on 19 April 2018. Mr. Ong has more than 20 years of working experience in both design and construction works. He has been the director of OTL Engineering & Safety Consultancy Pte Ltd. since May 2015. Before that, he worked at HDB, consecutively from December 1991 to April 2015 where he was project director in his last posting. Mr. Ong was awarded a bachelor's degree in engineering (Civil) by University of Leeds (located in the United Kingdom) in July 1991. He also completed Work-At-Heights Train-The-Trainer course and attended fall arrest systems designer course conducted by The Singapore Contractors Association Ltd. ("SCAL") and SCAL Academy Pte Ltd.. He is currently a registered Professional Engineer (Civil Engineering), a registered Qualified Erosion Control Professional and he has also completed course and passed the assessment for ABC Waters Professional. Mr. Ong did not hold any directorship in any listed companies during the last three years.

SENIOR MANAGEMENT

Our Group was founded by our Executive Directors and our Controlling Shareholders, Mr. Wang and Mr. Shi. Mr. Wang is responsible for overall management and planning and implementation of corporate and business strategy. Mr. Shi is responsible for strategic planning, project management and enhancement of our Group's technical abilities. Our Executive Directors are supported by a dedicated management team comprising Mr. Ewe (our chief financial officer and joint company secretary), Mr. Lim (our project director) and Mr. Yong (our contract manager).

Mr. Ewe Tuck Foong (尤德豐), aged 45, has been appointed as the chief financial officer of our Group since he first joined our Group in October 2016 and as a joint company secretary since 25 January 2017. Mr. Ewe has approximately 15 years of experience in accounting and financial management. Before joining our Group, from June 2001 to August 2004, he served in Deloitte Singapore as a senior auditor, mainly responsible for audit system management and provision of audit services. From September 2004 to September 2007, he served in ALSTOM Transport (S) Pte Ltd and ALSTOM Power Singapore Pte Ltd as the financial controller, mainly responsible for managing the finance department and dealing with all financial matters. From October 2007 to July 2011, he served in Antalis (Singapore) Pte Ltd as the financial controller, mainly responsible for managing the finance department and dealing with all financial matters. From November 2011 to November 2015, he served in Wee Hur Holdings Ltd (a company listed on the Singapore Stock Exchange, stock code: E3B) as the chief financial officer, mainly responsible for managing the finance department, dealing with all financial matters and all matters in relation to the Singapore Stock Exchange. From March 2016 to August 2016, he served in Fuco Dynamics Pte. Ltd. as a director and has been the secretary of that company since August 2016. He has been admitted a fellow of the Association of Chartered Certified

Accountants since 16 October 2005. He has also been qualified as a Chartered Accountant of Singapore and admitted as a member of the Institute of Singapore Chartered Accountants since 19 January 2015. Mr. Ewe did not hold any directorship in any listed companies during the last three years.

Mr. Lim Boon Siew (林文秀), aged 42, has been appointed as the project director of our Group since August 2015. Mr. Lim has over 10 years of experience in construction industry and worked for various construction firms as construction engineer or project engineer. From December 2009 to March 2010 and from October 2012 to May 2013, Mr. Lim acted as the project manager of HPC Builders. Before joining our Group, from November 2002 to September 2004, he served in Lum Chang Building Contractor as a construction engineer, mainly responsible for project compliance, project civil construction and teamwork coordination. From July 2005 to March 2008, he served in Sim Lian Construction Co (Pte) Ltd as a project engineer, mainly responsible for design, quality assurance and quality control and schedule. From June 2008 to October 2009, he served in Kajima Overseas Asia Pte Ltd as a site manager, mainly responsible for project compliance, cost control, project planning and teamwork coordination. From April 2010 to September 2012, he served in SCG Singapore Branch as a project manager, mainly responsible for project compliance, cost control, project planning, tender process and teamwork coordination. From October 2014 to July 2015, he served in Lian Beng Construction Pte Ltd as a project manager, mainly responsible for project compliance, cost control, project planning, tender process and teamwork coordination. Mr. Lim was awarded a bachelor degree in civil engineering from Swinburne University of Technology (located in Melbourne, Australia) in October 2002. Mr. Lim did not hold any directorship in any listed companies during the last three years.

Mr. Yong Chee Min (楊志明), aged 42, has been appointed as the contract manager of our Group since he first joined our Group in April 2015. Mr. Yong has approximately 20 years of experience in construction industry. He served in multiple contracts firms from November 1997 to December 2013 as estimator or quantity surveyor, mainly responsible for tendering, measurement and contract of mechanical works. Besides that, he was also involved in project bidding, progress claim, bidding analysis and dispute management. From January 2004 to January 2008, he served in Isetech Sdn Bhd as a contract manager, mainly responsible for leading and monitoring of contract and commercial matters of lead contract and subcontract and providing significant contribution through the involvement in development of project management works. From February 2008 to November 2008, he served in JH Builders Pte Ltd as an assistant contract manager, mainly responsible for monitoring subcontractor progress claims and monitoring vendors and subcontractors variations and dispute on the ongoing projects. From November 2008 to November 2010, he served in Lendlease Singapore Pte Ltd as a contract administrator, mainly responsible for performing and presenting commercial bid analysis and feasibility study. From November 2010 to April 2011, he served in Sunray Woodcrafts Construction Pte Ltd as a contract manager, mainly responsible for claim dispute and variation management for Resort World Typhoon Theatre project. From April 2011 to March 2015, he served in SCG Singapore Branch as a contract manager, mainly responsible for leading and managing the entire procurement, contract and commercial management, including review of head contracts and subcontracts award and cost control. Mr. Yong was awarded a national higher diploma in quantity surveying from the Nottingham Trent University (located in Nottingham, the United Kingdom) in June 1998 and also obtained a bachelor's degree in construction management from Greenwich University (located in Norfolk Island, Australia) in October 2000. Mr. Yong has been honored as a technical member of Singapore Institute of Surveyors & Valuers and member of Australia Institute of Quantity Surveyors (AIQS) since February 2016 and November 2016, respectively. Mr. Yong did not hold any directorship in any listed companies during the last three years.

Save as disclosed above, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) (a) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Ewe Tuck Foong, serves as one of the joint company secretaries of our Company. Please see the paragraph headed "Senior Management" in this section for further information. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 3.28 and Rule 8.17 of the Listing Rules as regards to the necessary qualifications of Mr. Ewe Tuck Foong as one of our joint company secretaries. For further details of this waiver application, please see the paragraph headed "Waivers from Strict Compliance with the Requirements under the Listing Rules — Joint Company Secretaries".

Ms. Leung Wing Han Sharon (梁穎嫻), was appointed as a joint company secretary of our Company on 25 January 2017. She is concurrently a vice president of SW Corporate Services Group Limited. She has over 10 years of experience in finance, accounting and company secretarial matters. Ms. Leung graduated from the Hong Kong University of Science and Technology in Hong Kong with a bachelor's degree of business administration in accounting. She also obtained a bachelor's degree of laws from the Manchester Metropolitan University (located in Manchester, the United Kingdom) and a master's degree of laws in international corporate and financial law from the University of Wolverhampton (located in Wolverhampton, the United Kingdom). She is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in the United Kingdom, and the Association of Chartered Certified Accountants in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

Our Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of code provision A.2.1, which requires the roles of chairman and chief executive 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. Wang currently holds both positions. Throughout our business history, Mr. Wang has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies and management of 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. Wang is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and our 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 Listing.

BOARD COMMITTEES

Audit committee

We established an audit committee pursuant to a resolution of our Directors passed on 19 April 2018, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are mainly to make recommendation to our Board on the appointment and removal of external auditor, and to assist our Board in fulfilling its oversight responsibilities in relation to our Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The audit committee of our Company consists of three members, being Mr. Leung Wai Yip (梁偉業), Mr. Zhu Dong (朱東) and Ms. Ng King Wai Diana (吳敬慧), and Mr. Leung Wai Yip (梁偉業) is the chairman of our audit committee.

Remuneration committee

We established a remuneration committee pursuant to a resolution of our Directors passed on 19 April 2018, with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are mainly to evaluate and make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, to review performance based remuneration and to ensure none of our Directors determine their own remuneration. The remuneration committee consists of three members, being Mr. Zhu Dong (朱東), Ms. Ng King Wai Diana (吳敬慧) and Mr. Wang Yingde (王應德), and Mr. Zhu Dong (朱東) is the chairman of our remuneration committee.

Nomination committee

We established a nomination committee pursuant to a resolution of our Directors passed on 19 April 2018, with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary functions of the nomination committee are mainly to make recommendations to our Board regarding candidates to fill vacancies on the Board. The nomination committee consists of three members, comprising Mr. Wang Yingde (王應德), Mr. Zhu Dong (朱東) and Ms. Ng King Wai Diana (吳敬慧), and Mr. Wang Yingde (王應德) is the chairman of our nomination committee.

Group WSH Committee

We established the Group WSH Committee pursuant to a resolution of our Directors passed on 19 April 2018 with written terms of reference. The primary duties of the Group WSH Committee are mainly to review and recommend the changes to workplace safety and health policies of our Group, identify situations that may be unhealthy or unsafe for our workers and make recommendations to the Board on effective systems for responding to those situations; to assess, review and monitor the development of the employee training programs on workplace safety, industry developments in workplace safety practices and our abilities to handle workplace safety incidents, etc. The Group WSH Committee consists of three members, being Mr. Ong Toon Lian (翁敦廉), Mr. Shi Jianhua (施建華) and Mr. Lim Boon Siew (林文秀) and Mr. Ong Toon Lian (翁敦廉) is the chairman of the Group WSH Committee.

REMUNERATION POLICY

We value our employees and recognise the importance of a good relationship with our employees. The remuneration to our employees includes salaries and allowances.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.

Our Group offers competitive remuneration packages to our Directors, the aggregate amounts of emoluments (including fees, salaries and other benefits, performance related bonus and retirement benefit scheme contribution) paid to our Directors for the years ended 31 October 2015, 2016 and 2017 were approximately S$0.3 million, S$0.4 million and S$0.6 million, respectively. For the years ended 31 October 2015, 2016 and 2017, the aggregate amounts of emoluments (including fees, salaries and other benefits, performance related bonus and retirement benefit scheme contribution) paid to the five highest paid individuals (including our Directors, where applicable) were approximately S$0.6 million, S$0.6 million, and S$0.7 million, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived any remuneration during the Track Record Period. The primary goal of the remuneration policy with regard to the remuneration packages of our Directors is to enable us to retain and motivate Executive Directors by linking their compensation with performance as measured against corporate objectives achieved. The principal elements of our Group's Directors' remuneration packages include basic salaries and discretionary bonuses and housing benefits.

Under the arrangements currently in force, we estimate that the aggregate amounts of emoluments (including salaries and other benefits, performance related bonus, retirement benefit scheme contribution) payable to our Directors for the year ending 31 October 2018 will be approximately S$1.2 million.

Save as disclosed in the paragraphs headed "Business — Fatal Accidents" and "Business — Litigation" of this prospectus, we have not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

For details, please refer to the paragraph headed "Business — Employees" of this prospectus.

COMPLIANCE ADVISER

Our Company has appointed Alliance Capital Partners Limited, a compliance adviser who will act as an additional channel of communication with the Stock Exchange pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company on the following matters:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share buy-backs;

(3) where we propose to use the proceeds of the Global Offering 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

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

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.

Assuming the Over-allotment Option is not exercised at all, our Company's issued share capital immediately following completion of the Global Offering and the Capitalisation Issue will be as follows:

	HK$
Authorised share capital:	
10,000,000,000 Shares	100,000,000

Issued and to be issued, full paid or credited as fully paid upon completion of the Global Offering and the Capitalisation Issue:

(Shares)		HK$	Approximate percentage of issued share capital (%)
1,000,000	Shares in issue as of the date of this prospectus	10,000	0.06
1,199,000,000	Shares to be issued under the Capitalisation Issue	11,990,000	74.94
400,000,000	Shares to be issued under the Global Offering	4,000,000	25.00
1,600,000,000	Total	16,000,000	100

Assuming the Over-allotment Option is exercised in full, our Company's issued share capital immediately following completion of the Global Offering and the Capitalisation Issue will be as follows:

	HK$
Authorised share capital:	
10,000,000,000 Shares	100,000,000

Issued and to be issued, full paid or credited as fully paid upon completion of the Global Offering and the Capitalisation Issue:

(Shares)		HK$	Approximate percentage of issued share capital (%)
1,000,000	Shares in issue as of the date of this prospectus	10,000	0.06
1,199,000,000	Shares to be issued under the Capitalisation Issue	11,990,000	72.23
460,000,000	Shares to be issued under the Global Offering and the Over-allotment Option[(1)]	4,600,000	27.71
1,660,000,000	Total	16,600,000	100

Notes:

(1) Assuming a total of 60,000,000 Shares will be issued upon the exercise of the Over-allotment Option in full.

RANKING

The Offer Shares are ordinary Shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above tables, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this prospectus.

GENERAL MEETING

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For details, please refer to the paragraph headed "2. Articles of Association — (a) Shares — (iii) Alteration of capital" in Appendix IV in this prospectus. Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the shares or any class of shares may 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. For details, please refer to the paragraph headed "2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus.

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate number of Shares of not more than the sum of:

(i) 20% of the total number of Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and

(ii) the total number of Shares 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; or

(ii) the expiration of the period within which our Company is required by any applicable law of the Cayman Islands 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 "Further information about our Company — 3. Written resolutions of all the Shareholders of our Company passed on 19 April 2018" 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 number of not more than 10% of the number of the Shares in issue or to be issued immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

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 "Further Information About Our Company — 6. Repurchase by our Company of our own securities" 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 any applicable law of the Cayman Islands 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 repurchase mandate, see the paragraph headed "Further Information About Our Company — 3. Written resolutions of all the Shareholders of our Company passed on 19 April 2018" in Appendix V to this prospectus.

Each of the following persons will, immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or share options to 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, 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 member(s) of our Company:

Long positions in our Company

		As of the Latest Practicable Date		Upon Listing	
Name	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding**	**Number of Shares**	**Approximate percentage of shareholding (Assuming no exercise of the Over-allotment Option)**
Mr. Wang[(1)]	Interest in a controlled corporation	550,000	55%	660,000,000	41.25%
Tower Point[(1)]	Beneficial owner	550,000	55%	660,000,000	41.25%
Mr. Shi[(2)]	Interest in a controlled corporation	450,000	45%	540,000,000	33.75%
Creative Value[(2)] ..	Beneficial owner	450,000	45%	540,000,000	33.75%

Notes:

(1) Mr. Wang is interested in the entire issued share capital of Tower Point and is therefore deemed to be interested in the Shares held by Tower Point in our Company.

(2) Mr. Shi is interested in the entire issued share capital of Creative Value and is therefore deemed to be interested in the Shares held by Creative Value in our Company.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or share options to 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, 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 our Company.

You should read the following discussion and analysis in conjunction with the consolidated financial information, including the notes thereto, as set forth in the Accountant's Report included as Appendix I to this prospectus, and the selected historical consolidated financial information and operating data included elsewhere in this prospectus. The consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contains certain forward-looking statements and are based on assumptions and analyses made by us in light of the experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believe are appropriate under the circumstances. However, whether actual results, outcomes and developments will meet the expectations and predictions depends on a number of risks and uncertainties over which our Group do not have control. Please refer to the sections headed "Risk Factors" and "Forward-Looking Statements" in this prospectus for discussions of those risks and uncertainties.

OVERVIEW

Established in 2004, we provide construction works as both a main contractor and subcontractor in both the public and private sectors in Singapore, and we have been involved in industrial, logistics and warehouse, infrastructure, residential and commercial construction projects in Singapore. Our principal business activities are (i) provision of general building works, which contributed to our Group's revenue approximately S$208.5 million, S$186.6 million and S$193.8 million, representing approximately 97.4%, 97.5% and 96.4% of our Group's revenue, for the years ended 31 October 2015, 2016 and 2017, respectively; and (ii) provision of civil engineering works, which contributed to our Group's revenue approximately S$5.2 million, S$4.7 million and S$7.2 million, representing approximately 2.4%, 2.5% and 3.6% of our Group's revenue, for the years ended 31 October 2015, 2016 and 2017, respectively. Based on the Euromonitor Report, we are the leading service provider for warehouse construction works by revenue receipts in 2017 in Singapore and we are ranked the 15th service provider for general building works by revenue receipts in 2017 in Singapore.

During the Track Record Period, our Group recorded total revenue of approximately S$214.2 million, S$191.3 million and S$201.1 million for the years ended 31 October 2015, 2016 and 2017, respectively. For the years ended 31 October 2015, 2016 and 2017, we achieved net profit after taxation of approximately S$17.5 million, S$25.0 million and S$27.3 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 13 October 2016 as an exempted company with limited liability under the Cayman Companies Law and became the holding company of HPC Builders and DHC Construction pursuant to the Reorganisation completed on 27 October 2016. For details of the reorganisation, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Corporate reorganisation" of this prospectus.

The financial information of our Group has been prepared as if our Company had been the holding company of our Group throughout the Track Record Period. The financial information of the companies comprising our Group has been included in the financial information from their respective dates of incorporation.

Intercompany transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising our Group are eliminated upon combination.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITIONS 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:

Our financial performance is heavily dependent on the state of the economy in Singapore.

Our financial performance is heavily dependent on the state of the economy in Singapore as our revenue was derived solely from our operations in Singapore during the Track Record Period. In the event of any unforeseen circumstances such as natural disasters, downturn in the Singapore economy, terrorist attacks and other events beyond our control occurring in Singapore, our business operations, financial performance and financial position may be adversely affected.

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

Ability to secure new projects and maintain our order book

Our construction projects are undertaken on a project-by-project basis and our major customers may vary from year to year. The duration of our construction projects, in both the general building segment and civil engineering segment, typically range between one to three years. As our revenue is not recurring in nature, we have to continually secure new contracts of sufficient value. There is no guarantee that we will be able to maintain the current success rates or achieve higher success rates in tendering construction contracts.

Failure to complete construction projects according to specifications, quality standards, safety measures or timetable

We have to complete our projects in accordance with the specifications, quality standards, safety measures and timetable required by our customers. If we fail to comply with any of these requirements, we will be liable to pay penalties or damages and our results of operations and hence our profits will be adversely affected. We will continue to give full effort to ensure our current and future projects are completed in accordance with the specifications, quality standards, safety measures and timetable.

Timing of projects and percentage completed

Our revenue is recognised on the percentage of completion method, and billing is based on monthly progress claims. Accordingly, our revenue is dependent not only on the number of projects, its contract value, but also on the percentage completed. Hence, the number of contracts and progress of each contract we undertake in any period will affect our results of operations and lead to fluctuations in revenue recognised from period to period. For more information on the revenue recognition, please see the Note 2.18 of the Accountant's Report set out in Appendix I to this prospectus.

Fluctuation in cost of sales

Our key cost of sales mainly comprises (i) subcontracting costs for subcontract works such as piling works, M&E works, aluminium works and post-tensioning works, and (ii) costs of raw materials such as ready-mix concrete and steel products. Our subcontracting costs and material costs are affected by factors such as the nature and mix of the construction works. Please refer to the paragraph headed "Business — Subcontractors" and "Business — Suppliers" in this prospectus for further details on our subcontractors and suppliers.

The tender price quoted in our tender documents is determined based on our internal costing and budgetary estimates after having taken into account factors, such as the existing market price or in certain circumstances, quotations from our suppliers and subcontractors. Inaccurate estimation of costs or risks may occur at the tender submission stage. Further, there is no assurance that the actual time and costs of construction would not exceed our estimation. The actual time and costs of construction may be adversely affected in circumstances such as adverse weather conditions, shortages and cost escalations of materials and labour, and unforeseen problems which may result in additional unanticipated costs over the contract value.

In addition, the construction contracts entered into between our Group and our customers typically do not provide for any price adjustment that may be made to the contract value for fluctuations in the cost, amongst others, of labour, material or services. Accordingly, we are not permitted under the terms of the construction contract to pass on any cost increase to our customers. A substantial cost increase in the subcontracting costs, raw material costs or other cost components vis-a-vis the estimates factored into the contract value agreed with the customers may thus erode our profit margin for the construction projects or may result in losses.

These circumstances may lead to cost overruns and in turn adversely affect our profitability and financial performance.

The following table illustrates the sensitivity analysis of the estimated increase/decrease of our gross profit based on hypothetical fluctuations of (i) subcontracting costs; and (ii) raw material costs. The sensitivity analysis assumes that the only variable that changes is our subcontracting costs or raw materials costs, as the case may be, while other variables remain unchanged. Having regard to the historical fluctuation trends of labour and key construction material costs as set out in Tables 2 and 3 in the "Industry Overview" section of this prospectus, the Directors consider the range of hypothetical fluctuations below to be reasonable. The analysis is intended for reference only, and any variation may differ from the amounts indicated.

	Year ended 31 October		
	2015	**2016**	**2017**
	Change in gross profit (S$'000)		
Change in subcontracting costs			
+30%	(43,826)	(37,001)	(28,566)
-30%	43,826	37,001	28,566
+10%	(14,609)	(12,334)	(9,522)
-10%	14,609	12,334	9,522
+5%	(7,304)	(6,167)	(4,761)
-5%	7,304	6,167	4,761
Change in raw material costs			
+30%	(9,374)	(8,435)	(10,962)
-30%	9,374	8,435	10,962
+10%	(3,125)	(2,812)	(3,654)
-10%	3,125	2,812	3,654
+5%	(1,562)	(1,406)	(1,827)
-5%	1,562	1,406	1,827

Pricing of our projects

Our projects come mainly from two sources, (i) for both main contractor and subcontractor works, an invitation to tender from customers or consultants; and (ii) for main contractor works, tender opportunities published on the GeBIZ system (the Singapore government's one-stop e-procurement portal). The tender quotation and the budgeted gross profit margin to be earned from the project will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, our capacity and resources, indicative pricing of our suppliers and subcontractors, and our past experience in tendering for similar projects. For further details, please refer to the paragraph headed "Business — Pricing" in this prospectus. The gross profit margin that we can get from a contract will vary in part, based on our pricing and each contract will result in a different gross profit margin. Where additional scope of works are added or omitted, it may also affect the overall margin of a project.

Changes in laws and regulations governing the construction industry in Singapore

Our business is governed by the relevant regulations and licensing requirements from BCA and MOM. Changes in laws and regulations governing our business may affect our profitability and financial performance, such as the change in foreign worker levy rates will affect our costs. A summary of the regulatory framework is set out in the section headed "Regulatory Overview" in this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial information has been prepared in accordance with IFRSs and has been prepared under the historical cost convention. The preparation of the financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management of our Group to exercise its judgement in the process of applying our Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the Accountant's Report set out in Appendix I to this prospectus. We also have other policies that we consider to be significant accounting policies, which are set out in detail in note 4 to the Accountant's Report set out in Appendix I to this prospectus.

Construction contracts

Our Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, our Group's management has relied on past experience and the work of specialists.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of our Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within our Group. Our Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of our Group's activities, as described below. Our Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics requirements of each arrangement.

(a) ***Revenue from construction contracts***

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("**percentage-of-completion method**"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from customers for contract works. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to customers for contract works.

Progress billings not yet paid by customers and retentions by customers are included within "trade and retention receivables". Advances received are included within "trade and retention payables".

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Service income***

Revenue from maintenance services is recognised when the services are rendered.

(d) ***Rental income***

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Provisions

Provisions are recognised when our Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Allowance for doubtful receivables

The policy for allowances for bad and doubtful debts of our Company is based on the evaluation of collectability and age analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of our Company were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

New IFRS and amendments to IFRS not yet adopted

There are new IFRS and amendments to IFRS that have been published but are not yet effective for the Track Record Period and which the Group has not early adopted, including the following:

		Effective for annual periods beginning on or after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 15 (amendment)	Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019

The new standard is not expected to be applied by the Group until the annual period beginning on 1 November 2019, and the initial application of the standard is not expected to have a significant impact on the Group's financial position and results of operations.

For details of new IFRS and amendants to IFRS that have been published but are not yet effective for the Track Record Period and which the Group has not early adopted, please refer to Note 2.1 to Accountant's Report in Appendix I to this prospectus.

CHANGE IN FINANCIAL YEAR END DATE OF DHC CONSTRUCTION

DHC Construction was acquired by our Group on 27 October 2016. For the change in financial year end date of DHC Construction from 31 December to 31 October, please refer to Note 35 to Accountant's Report in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following is a summary of the consolidated statements of comprehensive income of our Group for the years ended 31 October 2015, 2016 and 2017, respectively, derived from the Accountant's Report set forth in Appendix I to this prospectus.

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Revenue	214,160	191,327	201,075
Cost of sales	(188,108)	(159,565)	(161,277)
Gross profit	26,052	31,762	39,798
Other income	524	699	1,140
Other gains/(losses), net	66	41	(40)
Administrative expenses	(6,048)	(3,293)	(7,390)
Operating profit	20,594	29,209	33,508
Finance income	162	500	220
Finance costs	(7)	(7)	(7)
Finance income, net	155	493	213
Profit before income tax	20,749	29,702	33,721
Income tax expenses	(3,229)	(4,723)	(6,397)
Profit and total comprehensive income attributable to owners of our Company	17,520	24,979	27,324

DESCRIPTION OF SELECTED INCOME STATEMENT ITEMS

Revenue

Our Group recorded total revenue of approximately S$214.2 million, S$191.3 million and S$201.1 million for the years ended 31 October 2015, 2016 and 2017, respectively.

Our revenue comprises (i) construction contract revenue and (ii) services income, the breakdown of which is as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Revenue:			
- Construction contract revenue	213,701	191,327	201,075
- Services income	459	—	—
	214,160	191,327	201,075

Our construction contract revenue is revenue that arises from our construction projects, while services income arises from a property maintenance contract that we acted as a subcontractor to provide property maintenance services for an embassy in Singapore.

As the duration of our construction projects typically ranges from one to three years, our construction contract revenue generated during the Track Record Period was mainly derived from ongoing construction projects. Because of this nature of our business, the fluctuation in our construction contract revenue between one financial year and the financial year immediately preceding it is largely the result of combined effect of the different progress of the different mix of the ongoing construction projects in that two financial years. For more details on the fluctuation of our construction contract revenue in the Track Record Period, please refer to the paragraph headed "Financial Information — Review of historical results of operations" of this prospectus.

By business segment

We provide mainly general building works and civil engineering works to our customers. The following table sets out our construction contract revenue from the two business segments during the Track Record Period:

	Year ended 31 October					
	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
General building works	208,490	97.6	186,636	97.5	193,841	96.4
Civil engineering works	5,211	2.4	4,691	2.5	7,234	3.6
TOTAL	213,701	100.0	191,327	100.0	201,075	100.0

Our general building works relate mostly to our design and build projects of warehouses and other industrial or commercial buildings. Our civil engineering works relate mostly to the construction of MRT stations in Singapore and in relation to expressways in Singapore.

By role of our Group

We provide main contractor works and subcontractor works to our customers. The following table sets out our construction contract revenue from the two different segments during the Track Record Period:

	Year ended 31 October					
	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
Main contractor	203,832	95.4	176,708	92.4	190,209	94.6
Subcontractor	9,869	4.6	14,619	7.6	10,866	5.4
TOTAL	213,701	100.0	191,327	100.0	201,075	100.0

Our Group's main contractor works primarily relate to design and build projects for the construction of commercial and industrial buildings such as logistics and warehouses facilities, factories, offices, workshops and carparks and nursing homes. Our Group's subcontractor works involve a varied range of activities, such as the erection of certain portions of a building as well as A&A works. Our Group has acted as subcontractor for a wide variety of building and construction projects including (i) industrial buildings such as logistics and warehouses, factories and production buildings; (ii) commercial buildings such as hotels and offices; (iii) schools and other educational institutions; (iv) public infrastructure such as MRT stations, roads and highways; and (v) residential buildings such as HDB flats. Our Group typically acts as main contractor for general building works and subcontractor for civil engineering works.

By project sector

The following table sets out the breakdown of our Group's construction contract revenue attributable to the public sector and the private sector for the Track Record Period:

	Year ended 31 October					
	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
Public sector	38,419	18.0	20,360	10.6	55,896	27.8
Private sector	175,282	82.0	170,967	89.4	145,179	72.2
TOTAL	213,701	100.0	191,327	100.0	201,075	100.0

Our projects in the public sector relate mainly to the upgrading of HDB flats and construction of MRT stations, as well as construction of nursing homes. Our private sector projects include the construction of industrial and commercial buildings, including warehouses.

During the Track Record Period, our Group generated construction contract revenue mainly from general building works where we acted as main contractor. Our Group generated construction contract revenue mainly from private sector projects.

The revenue from projects in public sector increased from approximately S$20.4 million for the year ended 31 October 2016 to approximately S$55.9 million for the year ended 31 October 2017, mainly due to the revenue contributed by a general building works public sector warehouse project where our Group acted as main contractor and a public sector project to upgrade existing public housing facilities. The revenue from private sector decreased from approximately S$171.0 million for the year ended 31 October 2016 to approximately S$145.2 million for the year ended 31 October 2017, mainly due to the completion of two private sector projects in the year ended 31 October 2017.

Cost of sales

Cost of sales comprises mainly construction costs including raw material costs and subcontracting costs, staff costs, equipment rental fees, site expenses such as utilities charges, and other expenses such as the cost of diesel for our equipment and vehicles. The following table sets forth the breakdown of our cost of sales by nature and percentage for the Track Record Period:

	Year ended 31 October					
	2015		2016		2017	
	S$'000	%	S$'000	%	S$'000	%
Raw material costs	31,245	16.6	28,116	17.6	36,541	22.7
Subcontracting costs	146,088	77.7	123,335	77.3	95,221	59.0
Staff costs	4,693	2.5	3,572	2.2	20,033	12.4
Equipment rental fees	2,176	1.2	1,493	0.9	3,982	2.5
Site expenses	755	0.4	739	0.5	581	0.4
Amortisation of intangible assets	—	—	—	—	2,204	1.3
Others	3,151	1.6	2,310	1.5	2,715	1.7
Total	188,108	100.0	159,565	100.0	161,277	100.0

As disclosed in the table above, for the years ended 31 October 2015 and 2016, our cost of sales comprised mainly subcontracting costs and raw materials costs and the proportion of the various components of our cost of sales remained relatively stable. For the year ended 31 October 2017, our cost of sales comprised mainly raw material costs, staff costs and subcontracting costs.

Raw material costs were approximately S$28.1 million for the year ended 31 October 2016, which was lower compared to approximately S$31.2 million for the year ended 31 October 2015, mainly due to the fact that ready-mix concrete was a major raw material in these two periods, and the usage of ready-mix concrete was primarily affected by the progress of three major projects, as it was only required at certain stages in such projects. As at 31 October 2016, two of the major projects did not require ready-mix concrete as they were nearing the completion stage, while one of the major projects had completed the piling stage and was moving on to the super structure stage, and therefore had lesser need for ready-mix concrete.

Raw material costs were approximately S$36.5 million for the year ended 31 October 2017, which was higher compared to approximately S$28.1 million for the year ended 31 October 2016, mainly due to the higher precast requirements in one of the public sector projects in the year ended 31 October 2017.

Subcontracting costs decreased from approximately S$123.3 million for the year ended 31 October 2016 to approximately S$95.2 million for the year ended 31 October 2017, mainly due to elimination of the subcontracting fees upon consolidation of accounts after our Group acquired DHC Construction on 27 October 2016.

The decrease in the staff costs in the year ended 31 October 2016 was mainly due to a decrease in the number of workers hired by us after the completion of a number of major projects in the year ended 31 October 2016.

Staff costs increased from approximately S$3.6 million for the year ended 31 October 2016 to approximately S$20.0 million for the year ended 31 October 2017 mainly due to our acquisition of DHC Construction on 27 October 2016 and DHC Construction has a higher staff cost as compared with HPC Builders since DHC Construction is mainly engaged as a subcontractor in construction projects.

The amortisation of intangible assets for the year ended 31 October 2017 is in relation to the customer related open construction contracts acquired as a result of the acquisition of DHC Construction. For details of the valuation of such contracts and our intangible assets impairment policy, please refer to the paragraph headed "Description of selected items of consolidated balance sheets — Intangible assets" of this prospectus.

Gross profit and gross profit margin

Our gross profit and gross profit margin are dependent on various factors, including the nature of the projects that were undertaken by our Group and the progress of such projects during the relevant financial year.

The following table sets out the breakdown of our Group's construction contract gross profit and gross profit margin by business segment, role of our Group and project sector for the years ended 31 October 2015, 2016 and 2017, respectively:

	Year ended 31 October					
	2015		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	%	S$'000	%	S$'000	%
By business segment						
General building works	25,081	12.0	31,514	16.9	37,300	19.2
Civil engineering works	904	17.3	248	5.3	2,498	34.5
Total	25,985	12.2	31,762	16.6	39,798	19.8
By role of our Group						
Main contractor	24,885	12.2	31,374	17.8	34,424	18.1
Subcontractor	1,100	11.1	388	2.7	5,374	49.5
Total	25,985	12.2	31,762	16.6	39,798	19.8
By project sector						
Public sector	3,733	9.7	951	4.7	8,210	14.7
Private sector	22,252	12.7	30,811	18.0	31,588	21.8
Total	25,985	12.2	31,762	16.6	39,798	19.8
By project type						
Warehouse	19,107	12.3	27,611	18.2	28,638	17.6
Commercial	3,140	15.9	3,405	15.8	5,172	36.8
Public infrastructure	908	17.4	248	5.3	2,498	34.5
Others	2,830	8.5	498	3.6	3,490	20.1
Total	25,985	12.2	31,762	16.6	39,798	19.8

During the Track Record Period, most of our gross profit was generated from general building works, main contractor works, private sector works and warehousing projects.

The gross profit margin of general building works, main contractor works and private sector works and warehouse projects for the year ended 31 October 2016 was higher mainly because of the higher gross profit margin of one major private sector general building works project where we acted as the main contractor in the same period. Our Group was able to achieve a higher gross profit margin in that project mainly because it has achieved significant cost savings due to early completion of that major project.

For the year ended 31 October 2017, there has been a general increase in our gross profit margin compared to the gross profit margin for the year ended 31 October 2016. This is mainly due to (i) the gross profit margin contributed by DHC Construction, which is generally higher than that of HPC Builders; and/or (ii) the higher gross profit margin for the year ended 31 October 2017 contributed by different projects in that period.

Our gross profit margins for civil engineering works, subcontractor works and public sector works for the year ended 31 October 2016 show a decreasing trend. As our Group sought to focus its resources on main contractor works since the incorporation of DHC Construction, HPC Builders subcontracted projects where it acted as subcontractor to DHC Construction. For the projects that HPC Builders completely subcontracted to DHC Construction, HPC Builders retained only a small profit margin. As the revenue contributed by these projects as a proportion of the total revenue from subcontracting works increased during the year ended 31 October 2016, the gross profit margin of subcontractor works decreased for the year ended 31 October 2016. For details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Our History — History of our Singapore subsidiaries — DHC Construction" of this prospectus. The gross profit margins of civil engineering works and public sector works decreased for the same reason as our Group acted as subcontractors in most of the civil engineering works and many of such works are public sector works.

Our Group undertook more subcontractor works for the year ended 31 October 2017. For the year ended 31 October 2017, our Group's gross profit of subcontractor works increased to approximately S$5.4 million, compared to approximately S$0.4 million for the year ended 31 October 2016. Our Group's gross profit margin of civil engineering works, subcontractor works and public sector works has improved for the year ended 31 October 2017, mainly due to the acquisition of DHC Construction by our Group in the year ended 31 October 2016, in which there was a consolidation of gross profit of DHC Construction for projects subcontracted completely by HPC Builders to DHC Construction. The increase in our Group's gross profit margin of subcontractor works and public sectors works in the year ended 31 October 2017 is also due to the higher gross profit margin contributed by one public healthcare project which are also subcontractor work, which was in turn mainly due to the final actual costs of the project being lower than the budgeted costs in the year ended 31 October 2017. The gross profit generated by this project for the year ended 31 October 2017 was approximately S$1.6 million.

Other income and gains

The following table sets out the breakdown of our other income and gains during the Track Record Period.

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Other income:			
Government grants	125	206	297
Sale of scrap materials	311	447	647
Rental income	—	—	129
Others	88	46	67
	524	699	1,140
Other gains/(losses), net			
Foreign exchange gain/(loss), net	170	(5)	(30)
(Loss)/gain on disposal of plant and equipment	(104)	46	(10)
	66	41	(40)

Other income mainly consisted of sale of scrap materials and government grants.

Government grants include the mechanisation credit given by the BCA to help companies to defray the cost incurred in technology adoption to improve productivity for their construction projects. The funding support granted depends on the impact to the project and the productivity improvement. In order to obtain this government grant, our Group will make the necessary applications online before the purchase or lease for any of the supportable equipment under the mechanisation credit scheme.

Government grants also include the Special Employment Credit ("**SEC**"), which was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. The SEC provides a wage-offset to employers hiring Singaporean workers above a certain age and earning up to a certain amount, which may differ from year to year. The CPF Board of Singapore will assess our eligibility for the SEC, based on our regular monthly CPF contributions for our employees. The SEC was introduced as a five year term in 2011 but has been extended for another three years until 2019.

The rental income of approximately S$129,000 for the year ended 31 October 2017 was generated from the lease of Loyang Property acquired in the same period.

Administrative and other operating expenses

The following table sets out the breakdown of our administrative and other operating expenses during the Track Record Period:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Auditors' remuneration			
- Audit services	24	24	59
- Non-audit services	9	—	—
Depreciation			
- Property, plant and equipment	566	538	762
- Investment property	—	—	76
Employee compensations	2,169	1,718	3,124
Operating lease rentals	69	78	113
Entertainment and transportation	105	137	242
Professional fees	10	86	155
Listing expenses	—	480	2,791
Write off/(back) of trade and other receivables	2,843	(150)	(271)
Others	253	382	339
	6,048	3,293	7,390

Write off of trade and other receivables of approximately S$2.8 million during the year ended 31 October 2015 relates to the write off of outstanding receivables owing from a related party, Olivine Capital Pte. Ltd., to HPC Builders. The receivables were written off as bad debts during the year ended 31 October 2015 as the amounts were long outstanding and our Group did not expect full recovery of the amounts since the related party was suffering losses. The write back of trade and other receivables amounting to S$150,000 and S$271,000 relate to repayments made by the related party during the years ended 31 October 2016 and 31 October 2017, respectively.

Finance income and costs

The following table sets out the breakdown of finance income and costs during the Track Record Period:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Interest income:			
- Bank interest income	162	500	220
Finance income	162	500	220
Interest expenses:			
- Finance leases	(7)	(7)	(7)
Finance costs	(7)	(7)	(7)
Finance income, net	155	493	213

Income tax expenses

Since our operation is based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expenses of our Group amounted to approximately S$3.2 million, S$4.7 million and S$6.4 million for the years ended 31 October 2015, 2016 and 2017, respectively.

The statutory corporate tax rate in Singapore was 17.0% throughout the Track Record Period, while our corresponding effective tax rates were approximately 15.6%, 15.9% and 19.0% for the years ended 31 October 2015, 2016 and 2017, respectively. Our effective tax rate was lower than the statutory tax rate for the year ended 31 October 2015 and 2016 mainly due to amongst others, non-taxable income, utilisation of capital allowances and tax incentives and rebates relating to the Productivity and Innovation Credit Scheme ("**PIC Scheme**") where we had additional tax deductions and temporary differences. The PIC Scheme allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances and/or (ii) cash payouts, and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Our effective tax rate was higher in the year ended 31 October 2017 due to an increase in listing expenses, which are expenses not deductible for tax purposes.

During the preparation of the financial information of our Group for each of the years ended 31 October 2015, 2016 and 2017, adjustments were made to our Group's financial information due to revisions of estimated budgeted construction costs for certain construction contracts, which had an impact on the timing on recognition of revenue of such construction contracts. As a result, the adjusted profit before income tax of HPC Builders for the year ended

31 October 2015, and DHC Construction for the year ended 31 October 2015 was higher than that as reported in its previously submitted tax computations to the Inland Revenue Authority of Singapore. As at 31 October 2015, 2016 and 2017, current income tax payables amounted to approximately, S$7.0 million, S$9.8 million and S$7.1 million, respectively. The significant balances of current income tax payables as at 31 October 2015, 2016 and 2017 are mainly due to the income tax provision arising from adjustments on recognition of revenue for certain construction contracts as a result of revisions of estimated budgeted construction costs to reflect the latest total costs estimation for such construction contracts at each of the balance sheet dates based on the latest available evidence. The adjusted profit before income tax of HPC Builders and DHC Construction for the year ended 31 October 2015 were higher than that as reported in its previously submitted tax computations to the Inland Revenue Authority of Singapore because of the budgeted costs revisions. As at the Latest Practicable Date, our Group has not received any notification from the Inland Revenue Authority of Singapore indicating any audit or investigations on tax matters of HPC Builders and DHC Construction. Should the Inland Revenue Authority of Singapore have queries on the revised profits tax computation, our Group will fully cooperate to answer the queries. Based on the above, our Directors are of the view that other than the income tax provision made, no additional tax liabilities and penalties will be imposed on our Group with respect to the changes in tax position arising from the adjustments. Based on the notices of assessments issued by the Inland Revenue Authority of Singapore on 22 January 2018, the tax liabilities as a result of the revised profit tax computation for HPC Builders and DHC Construction as of 31 October 2016 is approximately S$2.2 million in aggregate and it has been fully provided for in our Group's financial statements and fully settled by the Group. In the event where our Group is subject to a penalty, the maximum potential tax penalty as a result of the revised profit tax computation is estimated to be approximately S$0.1 million in aggregate.

The related tax implications due to the adjustments have been provided and properly accounted for in the consolidated financial information of our Group and covered in the Accountant's Report in Appendix I of this prospectus. The revised profits tax computations following the adjustments for HPC Builders for the year ended 31 October 2015 have been submitted to the Inland Revenue Authority of Singapore in July 2017, and our Group has submitted the revised profits tax computations for DHC Construction for the years ended 31 December 2014 and 2015 respectively, and the Inland Revenue Authority of Singapore has issued two separate notices of assessment in January 2018, requesting us to pay total additional tax of approximately S$147,000, which the Group has fully settled.

Our Directors have confirmed that all relevant taxes had been paid when due and there are no disputes with the relevant tax authorities during the Track Record Period.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year ended 31 October 2017 compared to year ended 31 October 2016

Revenue

The following table sets out the construction contract revenue recognised by business segment, role of our Group and project sector for the year ended 31 October 2016 and 2017 respectively.

	Year ended 31 October			
	2016		2017	
	S$'000	*%*	*S$'000*	*%*
By business segment				
General building works	186,636	97.5	193,841	96.4
Civil engineering works	4,691	2.5	7,234	3.6
Total	191,327	100.0	201,075	100.0
By role of our Group				
Main contractor	176,708	92.4	190,209	94.6
Subcontractor	14,619	7.6	10,866	5.4
Total	191,327	100.0	201,075	100.0
By project sector				
Public sector	20,360	10.6	55,896	27.8
Private sector	170,967	89.4	145,179	72.2
Total	191,327	100.0	201,075	100.0
By project type				
Warehouse	151,400	79.1	162,446	80.8
Commercial	21,484	11.2	14,038	7.0
Public infrastructure	4,691	2.5	7,234	3.6
Others	13,752	7.2	17,357	8.6
Total	191,327	100.0	201,075	100.0

Our construction contract revenue increased by approximately S$9.8 million or 5.1%, from approximately S$191.3 million for the year ended 31 October 2016 to approximately S$201.1 million for the year ended 31 October 2017, mainly due to the increase in revenue recognised from general building works where our Group acted as main contractor. Our revenue from general building works increased by approximately S$7.2 million or 3.9% from approximately S$186.6 million for year ended 31 October 2016 to approximately S$193.8 million for the year ended 31 October 2017. Our revenue from main contractor works shows a similar trend as we typically act as the main contractor in general building works. It increased by approximately S$13.5 million or 7.6% from approximately S$176.7 million for the year ended 31 October 2016 to approximately S$190.2 million for the year ended 31 October 2017.

The increase in revenue recognised from general building works where we acted as main contractor was mainly due to the revenue contributed by two projects of DHC Construction, which was acquired by our Group on 27 October 2016.

Our revenue from private sector works decreased by approximately S$25.8 million or 15.1% from approximately S$171.0 million for the year ended 31 October 2016 to approximately S$145.2 million for the year ended 31 October 2017, mainly due to the completion of three private sector projects in the year ended 31 October 2017. Our revenue from public sector works increased by approximately S$35.5 million or 174.0% from approximately S$20.4 million for the year ended 31 October 2016 to approximately S$55.9 million for the year ended 31 October 2017, mainly due to the revenue contributed by a general building works public sector warehouse project where our Group acted as main contractor and a project to upgrade existing public housing facilities.

For further details on the revenue recognised from our major projects, please refer to the paragraph headed "Business — Our Major Projects" of this prospectus.

Cost of sales

Our cost of sales remained stable at approximately S$159.6 million for the year ended 31 October 2016 and approximately S$161.3 million for the year ended 31 October 2017, which was mainly due to an increase in raw materials and staff costs and offset by a decrease in subcontracting costs mainly arising as a result of the acquisition of DHC Construction. For details of the changes in cost of sales for the year ended 31 October 2017, please refer to the paragraph headed "Results of Operations — Cost of Sales" of this section of this prospectus.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S$8.0 million or 25.2%, from approximately S$31.8 million for the year ended 31 October 2016 to approximately S$39.8 million for the year ended 31 October 2017. Our overall gross profit margin increased from approximately 16.6% for the year ended 31 October 2016 to approximately 19.8% for the year ended 31 October 2017 mainly due to (i) acquisition of DHC Construction with higher gross profit margin; and (ii) elimination of subcontractor cost of DHC Construction. For further details on our gross profit margin, please refer to the paragraph headed "Financial Information — Description of selected income statement items — Gross profit and gross profit margin" of this prospectus.

Other income and gains/(losses), net

Our other income and gains/(losses), net, increased by approximately S$0.4 million or 57.1%, from approximately S$0.7 million for the year ended 31 October 2016 to approximately S$1.1 million for the year ended 31 October 2017, mainly because of an increase of the sales of scrap materials of approximately S$0.2 million and an increase of rental income of approximately S$0.1 million from the Loyang Property.

Administrative expenses

Our administrative expenses increased by approximately S$4.1 million or 124.2%, from approximately S$3.3 million for the year ended 31 October 2016 to approximately S$7.4 million for the year ended 31 October 2017. This increase in administrative expenses was mainly attributable to an increase in listing expenses, increase in staff costs after our Group acquired DHC Construction in October 2016 as well as bonus payments to our staff for the year ended 31 October 2017.

Finance income and costs

Our finance income decreased by approximately S$0.3 million or 60.0%, from approximately S$0.5 million for the year ended 31 October 2016 to approximately S$0.2 million for the year ended 31 October 2017, which was primarily due to decreased interest income.

Our finance costs remained at approximately S$7,000 for the year ended 31 October 2016 and 2017.

Income tax expenses

Our income tax expenses increased by approximately S$1.7 million or 36.2%, from approximately S$4.7 million for the year ended 31 October 2016 to approximately S$6.4 million for the year ended 31 October 2017. Our effective tax rate increased from approximately 15.9% for the year ended 31 October 2016 to approximately 19.0%, which was mainly due to an increase in listing expenses, which are expenses not deductible for tax purposes. During the year ended 31 October 2016 and 2017, our Group enjoyed tax incentives of approximately S$0.3 million and S$40,000, respectively.

Net profit and net profit margin

Our net profit for the year increased by approximately S$2.3 million or 9.2%, from approximately S$25.0 million for the year ended 31 October 2016 to S$27.3 million for the year ended 31 October 2017. The net profit margin remained stable at 13.1% for the year ended 31 October 2016 and 13.6% for the year ended 31 October 2017. This was mainly due to the combined effect of increase in our gross profit for the year ended 31 October 2017 and partially offset by an increase in administrative expenses. For details, please refer to the paragraphs on “Revenue”, “Cost of sales”, “Gross profit and gross profit margin” and “Administrative expenses” in this section above.

Year ended 31 October 2016 compared to year ended 31 October 2015

Revenue

The following table sets out the construction contract revenue recognised by business segment, role of our Group and project sector for the years ended 31 October 2015 and 2016 respectively.

	Year ended 31 October			
	2015		2016	
	S$'000	%	S$'000	%
By business segment				
General building works	208,490	97.6	186,636	97.5
Civil engineering works	5,211	2.4	4,691	2.5
Total	213,701	100.0	191,327	100.0
By role of our Group				
Main contractor	203,832	95.4	176,708	92.4
Subcontractor	9,869	4.6	14,619	7.6
Total	213,701	100.0	191,327	100.0
By project sector				
Public sector	38,419	18.0	20,360	10.6
Private sector	175,282	82.0	170,967	89.4
Total	213,701	100.0	191,327	100.0
By project type				
Warehouse	155,575	72.8	151,400	79.1
Commercial	19,692	9.2	21,484	11.2
Public infrastructure	5,226	2.5	4,691	2.5
Others	33,208	15.5	13,752	7.2
Total	213,701	100.0	191,327	100.0

Our construction contract revenue decreased slightly by approximately S$22.4 million or 10.5%, from approximately S$213.7 million for the year ended 31 October 2015 to approximately S$191.3 million for the year ended 31 October 2016, mainly due to the decrease in revenue recognised from general building works where our Group acted as main contractor. Our revenue from general building works decreased by approximately S$21.9 million or 10.5% from approximately S$208.5 million for the year ended 31 October 2015 to approximately S$186.6 million for the year ended 31 October 2016. Our revenue from main contractor works show a similar trend as we typically act as main contractors in general building works. It decreased by approximately S$27.1 million or 13.3% from approximately S$203.8 million for the year ended 31 October 2015 to approximately S$176.7 million for the year ended 31 October 2016.

The decrease in revenue recognised from general building works where we acted as main contractor was mainly due to the different progress of the different mix of the ongoing general building works projects in the two financial years. Among the three financial years in the Track Record Period, our Group recorded the largest amount of revenue in the year ended 31 October 2015, mainly because our Group secured a number of major general building contracts in the year ended 31 October 2014, which led to a substantial amount of revenue arising from several major construction projects recognised in the year ended 31 October 2015. In particular, two major general building projects awarded towards the end of the year ended 31 October 2014 contributed revenue of approximately S$90.6 million in the year ended 31 October 2015.

Our revenue from private sector works remained stable for the years ended 31 October 2015 and 2016. Our revenue from the public sector works decreased by approximately S$18.0 million or 46.9% from approximately S$38.4 million for the year ended 31 October 2015 to approximately S$20.4 million for the year ended 31 October 2016, mainly due to the decrease in revenue from public sector works after the completion of two major public sector projects in the year ended 31 October 2015 which contributed revenue of approximately S$24.8 million in the year ended 31 October 2015.

For further details on the revenue recognised from our major projects, please refer to the paragraph headed "Business — Our Major Projects" of this prospectus.

Cost of sales

Our cost of sales decreased by approximately S$28.5 million or 15.2%, from approximately S$188.1 million for the year ended 31 October 2015 to approximately S$159.6 million for the year ended 31 October 2016, which was mainly due to a decrease in subcontracting costs from approximately S$146.1 million in the year ended 31 October 2015 to approximately S$123.3 million in the year ended 31 October 2016, which was generally in line with the decrease in revenue recognised from main contractor works in the year ended 31 October 2016.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S$5.7 million or 21.8%, from approximately S$26.1 million for the year ended 31 October 2015 to approximately S$31.8 million for the year ended 31 October 2016. Our gross profit margin for the year ended 31 October 2016 of approximately 16.6% is higher than our gross profit margin for the year ended 31 October 2015 mainly because of the higher gross profit margin of one major private sector general building works project where we acted as the main contractor in the same period. Our Group was able to achieve a higher gross profit margin in that project mainly because it has achieved significant cost savings due to early completion of that major project. For further details on our gross profit margin, please refer to the paragraph headed "Financial Information — Description of selected income statement items — Gross profit and gross profit margin" of this prospectus.

Other income and gains

Our other income and gains increased by approximately S$0.1 million or 16.7%, from approximately S$0.6 million for the year ended 31 October 2015 to approximately S$0.7 million for the year ended 31 October 2016, which was primarily due to increase in sale of scrap materials by approximately S$136,000, and increase in government grants by approximately S$81,000.

Administrative expenses

Our administrative expenses decreased by approximately S$2.7 million or 45.0%, from approximately S$6.0 million for the year ended 31 October 2015 to approximately S$3.3 million for the year ended 31 October 2016. This decrease in administrative expenses was mainly attributable to (i) a one-off write off of an account receivable owing from Olivine Capital Pte. Ltd., a related party, amounting to approximately S$2.8 million in the year ended 31 October 2015; (ii) a slight decrease in employee compensations from S$2.2 million in the year ended 31 October 2015 to S$1.7 million in the year ended 31 October 2016 mainly due to the allocation of certain employee compensations to cost of sales because some project team members were actively involved during the construction stage for the year ended 31 October 2016 and their relevant compensation costs were allocated and recorded under cost of sales. The decrease was partially offset by listing expenses of S$480,000 incurred in the year ended 31 October 2016. Despite such allocation, there is a decrease in the staff costs under our cost of sales in the year ended 31 October 2016, which was mainly due to a decrease in the number of workers hired by us after the completion of a number of major projects in the year ended 31 October 2016. For details of staff costs under our cost of sales, please refer to the paragraph headed "Financial Information — Description of selected income statement items — Cost of sales" of this prospectus.

Finance income and costs

Our finance income increased by approximately S$0.3 million or 150.0%, from approximately S$0.2 million for the year ended 31 October 2015 to approximately S$0.5 million for the year ended 31 October 2016, which was primarily due to increased interest income arising from a larger amount of short-term cash deposits being placed in 2016.

Our finance costs remained at S$7,000 for the years ended 31 October 2015 and 2016.

Income tax expenses

Our income tax expenses increased by approximately S$1.5 million or 46.9%, from approximately S$3.2 million for the year ended 31 October 2015 to approximately S$4.7 million for the year ended 31 October 2016. Our effective tax rates were approximately 15.6% for the year ended 31 October 2015 and 15.9% for the year ended 31 October 2016. The increase in our income tax expenses was consistent with the increase in our profit before income tax. During the years ended 31 October 2015 and 2016, our Group enjoyed tax incentives of approximately S$0.3 million for both periods.

Net profit and net profit margin

Our net profit for the year increased by approximately S$7.5 million or 42.9%, from approximately S$17.5 million for the year ended 31 October 2015 to S$25.0 million for the year ended 31 October 2016. The net profit margin increased from 8.2% for the year ended 31 October 2015 to 13.1% for the year ended 31 October 2016. This was mainly attributable to (i) the increase in gross profit margin discussed above; and (ii) the decrease of the administrative expenses for the year ended 31 October 2016 as compared to those for the year ended 31 October 2015 as discussed above.

SUMMARY OF ASSETS AND LIABILITIES

The following table sets forth our current assets, current liabilities, and selected items of the consolidated balance sheets as at the respective financial position dates indicated:

	As at 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	1,354	1,888	4,663
Retention receivables	12,509	8,778	10,123
Prepayments	—	5,653	—
Investment property	—	—	2,675
Intangible assets	—	4,408	2,204
	13,863	20,727	19,665
Current assets			
Trade and retention receivables	47,728	38,017	51,121
Other receivables, deposits and prepayments	1,029	2,332	977
Amounts due from customers for contract works	38,905	23,642	24,211
Cash and cash equivalents	63,872	41,426	27,792
Total current assets	151,534	105,417	104,101
Total assets	165,397	126,144	123,766
EQUITY AND LIABILITIES			
Equity attributable to owners of our Company			
Share capital	—	2	2
Share premium	—	45,721	45,721
Capital reserves	15,000	(26,972)	(26,972)
Retained profits	35,409	36,388	43,712
Total equity	50,409	55,139	62,463

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	127	67	74
Retention payables	6,036	2,116	2,902
Deferred income tax liabilities	—	775	400
	6,163	2,958	3,376
Current Liabilities			
Trade and retention payables	49,083	25,637	31,617
Other payables and accruals	2,719	4,144	3,791
Amounts due to customers for contract works	49,992	28,255	15,372
Finance lease liabilities	59	53	62
Provision	—	200	—
Current income tax payables	6,972	9,758	7,085
	108,825	68,047	57,927
Total liabilities	114,988	71,005	61,303
Total equity and liabilities	165,397	126,144	123,766

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED BALANCE SHEETS

Property, plant and equipment

Our property, plant and equipment amounted to approximately S$1.4 million, S$1.9 million and S$4.7 million as at 31 October 2015, 2016 and 2017, respectively. Our property, plant and equipment comprise mostly property, motor vehicles and plant and equipment. The increase in value of our property, plant and equipment as at 31 October 2017 is mainly due to our purchase of the Henderson Property in December 2016. For details of the purchase, please refer to the paragraph headed "Business — Properties — Properties owned by our Group" of this prospectus.

Investment property

Our investment property amounted to nil, nil and approximately S$2.7 million as at 31 October 2015, 2016 and 2017, respectively. Our investment property comprise the Loyang Property, for which we entered into a sale and purchase agreement dated 1 September 2016. For the details of the Loyang Property, please refer to the paragraph headed "Business — Properties — Properties owned by our Group" of this prospectus.

Trade and retention receivables

The following table sets out the breakdown of trade and retention receivables as at the dates indicated.

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Current Portion			
Trade receivables			
- Related parties	3,653	491	409
- Non-related parties	38,148	24,196	37,172
	41,801	24,687	37,581
Retention receivables			
- Related parties	952	776	—
- Non-related parties	4,975	12,554	13,540
	5,927	13,330	13,540
	47,728	38,017	51,121
Non-current portion			
Retention receivables			
- Related parties	775	—	—
- Non-related parties	11,734	8,778	10,123
	12,509	8,778	10,123

(i) Trade receivables

Our trade receivables as at 31 October 2015, 2016 and 2017 were approximately S$41.8 million, S$24.7 million and S$37.6 million, respectively.

Trade receivables decreased from approximately S$41.8 million as at 31 October 2015 to approximately S$24.7 million as at 31 October 2016 and increased to approximately S$37.6 million as at 31 October 2017. Trade receivables from related parties decreased from approximately S$3.7 million as at 31 October 2015 to approximately S$0.5 million as at 31 October 2016 and further decreased to approximately S$0.4 million as at 31 October 2017, mainly due to the acquisition of DHC Construction by our Group in the year ended 31 October 2016, which resulted in the trade receivables due from DHC Construction being eliminated as a result of consolidation.

Trade receivables from non-related parties decreased from approximately S$38.1 million as at 31 October 2015 to approximately S$24.2 million as at 31 October 2016, mainly due to changes in the amount of outstanding progress billings made in connection with two major private sector general building projects awarded in September and October 2014. The balance of trade receivables as at 31 October 2016 was lower than that as at 31 October 2015, mainly due to the decrease in progress billings from such two projects as the two projects were completed in May and September 2016. The balance of trade receivables as at 31 October 2017 was higher than that as at 31 October 2016, mainly due to the trade receivable of a new client which we have granted 95 days of credit term of approximately S$15.3 million and the slow settlement of our trade receivable by another client of approximately S$10.0 million (all of which have been paid to us subsequent to the Track Record Period).

Pursuant to the BCISPA, our customers are required to certify our progress payment claims within 21 calendar days from the submission of such claims and to pay us within 35 days of such certification.

As at 31 October 2015, 2016 and 2017, trade receivables of approximately S$17.0 million, S$15.6 million and S$27.0 million were past due but not impaired. The age analysis of trade receivables is as follows:

	As at 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Current	24,837	9,123	10,630
Overdue:			
Less than three months	13,424	10,934	20,351
Three to six months	401	2,895	1,836
Six months to one year	1,776	922	1,411
More than one year	1,363	813	3,353
	16,964	15,564	26,951
	41,801	24,687	37,581

The breakdown of trade receivables between related parties and non-related parties during the Track Record Period and the subsequent settlement up to the Latest Practicable Date is as follows:

	As at 31 October			Amount outstanding as at the Latest Practicable Date for outstanding balance as at 31 October 2017
	2015	**2016**	**2017**	
	S$'000	*S$'000*	*S$'000*	*S$'000*
Related parties	3,653	491	409	—
Non-related parties	38,148	24,196	37,172	3,078
	41,801	24,687	37,581	3,078

As at Latest Practicable Date, approximately S$34.5 million, or approximately 91.8%, of the trade receivables outstanding as at 31 October 2017 had been settled.

As at 31 October 2015, 2016 and 2017, respectively, none of our trade receivables were impaired. Our Group may, from time to time, be engaged in prolonged negotiation of the settlement of payment applications, in particular, the negotiation of the final settlement, i.e. variation works and claims between our Group and our customers are often a prolonged process which is not uncommon in the construction industry.

Trade receivables that are past due but not impaired relate to a number of customers that have a good track record with our Group. Our Directors and management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable, except for write-offs amounting to approximately S$2.8 million for a related party, Olivine Capital Pte. Ltd., in the year ended 31 October 2015. The receivables originated from a project awarded by Olivine Capital Pte. Ltd. to HPC Builders in June 2009 in relation to the upgrading and re-construction of certain buildings with a contract sum of S$4.3 million (inclusive of variation orders). Our Group did not perform a formal credit assessment of Olivine Capital Pte. Ltd. before undertaking such project in 2009 and our Group's decision to take on such project was primarily based on its assessment of the terms and conditions of the project which were arrived at based on arm's length negotiation between the parties. The receivables amounting to approximately S$2.8 million were written off as bad debts as the amounts were long outstanding and our Group did not expect full recovery of the amounts since Olivine Capital Pte. Ltd. was suffering losses. Save for the abovementioned project, our Group had no other projects with Olivine Capital Pte. Ltd. and does not have any current intention to enter into any other transaction with Olivine Capital Pte. Ltd. Furthermore, in order to strengthen our credit management, our Group has established relevant policy to consider the credit worthiness of the customer, including financial status, reputation etc. Please refer to the paragraph headed "Business — Credit Management" of this prospectus for details. Mr. Wang has been a director of Olivine Capital Pte. Ltd. since 7 June 2009 and holds approximately 50% shareholding in it as at the Latest Practicable Date. Our Group did not hold any collateral over these balances.

The following table sets out the trade receivables turnover days during the Track Record Period:

	Year ended 31 October		
	2015	**2016**	**2017**
Trade receivables turnover days *(Note)*	57	63	57

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year, then multiplied by the number of days of the year (i.e. 365 or 366 days for a full year).

The trade receivable turnover days during the Track Record Period were more than our credit term of 35 days as some of our customers do not make payment within the payment term of our invoices. For the years ended 31 October 2015 and 2016, our trade receivables turnover days were more than 35 days as there were delays in payment from a number of our top customers. For the year ended 31 October 2017, the trade receivables turnover days were more than 35 days, which was mainly due to the trade receivable of a new client which we have granted 95 days of credit term of approximately S$15.3 million and the slow settlement of our trade receivable by another client of approximately S$10.0 million (all of which have been paid to us subsequent to the Track Record Period). There was no material fluctuation in the number of trade receivables turnover days for the years ended 31 October 2015, 2016 and 2017, respectively.

(ii) Retention receivables

Our contracts typically provide for a retention sum of 5% to 10% of total contract value. We classify retention receivables based on the estimated date of release of retention. Retention receivables were not yet past due as at 31 October 2015, 2016 and 2017 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defects liability period or a pre-agreed time period.

The actual progress of each project will vary. Therefore, the release of retention monies depends on the actual progress of each project. In particular, the estimated date of release of retention is affected by various factors, such as the (i) issuance of the practical completion certificate for the contract works undertaken by our Group; (ii) actual date of expiry of the defects liability period, and (iii) completion of all our obligations in accordance with the contracts with our customers.

The retention receivables classified as current assets, amounting to approximately S$5.9 million, S$13.3 million and S$13.5 million as at 31 October 2015, 2016 and 2017, respectively, are expected to be recovered within twelve months. The retention receivables classified as non-current assets, amounting to approximately S$12.5 million, S$8.8 million and S$10.1 million as at 31 October 2015, 2016 and 2017, respectively, are expected to be recovered after twelve months.

Retention receivables classified as current assets increased from S$5.9 million as at 31 October 2015 to S$13.3 million as at 31 October 2016, mainly because there were more projects with retention monies due to be released in the year ended 31 October 2017, compared with the year ended 31 October 2016. Retention receivables classified as current assets remained stabled at approximately S$13.5 million as at 31 October 2017. The contract value of each project affects the amount of retention monies to be released and the date of completion of each project affects the due date(s) for retention monies to be released. Please refer to the paragraph headed “Business — Our major projects — Completed projects” of this prospectus for further details on our Group’s completed projects, including the contract value and the year of completion.

Save for in relation to the write-off of trade receivables amounting to S$2.8 million owing from a related party, namely Olivine Capital Pte. Ltd., none of our Group's customers has defaulted in their payment obligations in relation to trade receivables during the Track Record Period and up to the Latest Practicable Date and the retention receivables were settled in accordance with the terms of the respective contracts. As at the Latest Practicable Date, approximately S$3.9 million, or approximately 16.7%, of the total retention receivables as at 31 October 2017 had been settled.

Other receivables, deposits and prepayments

The breakdown of other receivables, deposits and prepayments (both current and non-current) as at 31 October 2015, 2016 and 2017 are set out below:

	As at 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Group			
Current portion			
Other receivables, deposits and prepayments:			
Prepayments	—	271	—
Deposits	520	1,361	572
Other receivables	509	700	405
- Related parties	—	—	45
- Non-related parties	509	700	360
	1,029	2,332	977
Non-current portion			
Prepayments for acquisition of properties	—	5,653	—

The non-current portion of prepayments amounts to S$5.7 million as at 31 October 2016, mainly relate to the payments made for the purchase of properties by our Group during the year ended 31 October 2016. For the year ended 31 October 2017, such prepayments were primarily reclassified to (i) property, plant and equipment and (ii) investment property as non-current assets. Deposits include deposits paid in respect of office leases and tenders as well as those in connection with professional services and construction projects. Other receivables related mainly to loans granted to our employees and other receivables of non-trade nature. Our employee loans which are interest free are approved by our Directors. The loans are only granted to employees (excluding directors and senior management) who have worked for more than 5 years, have good performance record and are willing to maintain a long working relationship with our Group. In line with our Group's internal loan policy, our Group's management will enquire and understand the actual need of an employee seeking the loan and consider the employee's relationship with our Group, as well as his ability to repay the loan according to the proposed schedule of repayment. During the Track Record Period, the amount of loans made to employees ranges from S$15,000 to S$70,000 and is repaid by deductions from the monthly salary payment of that employee ranging from S$1,500 to

S$3,000 per month. If the employment of such with the Group is terminated before the loan is fully repaid, he must fully settle all outstanding loans before his employment is terminated. During the Track Record Period, there have been no instances where any employee has failed to repay the outstanding loans before the termination of his employment. Our Directors confirm that such employee loan arrangement will continue after Listing.

Other receivables, deposits and prepayments increased from approximately S$1.0 million as at 31 October 2015 to approximately S$2.3 million as at 31 October 2016, mainly due to the increase in deposits paid in respect of professional fees paid by HPC Builders and DHC Construction, and in respect of deposits made by DHC Construction in connection with its construction projects, which were included after DHC Construction became a member of the Group on 27 October 2016. Other receivables, deposits and prepayments decreased from approximately S$2.3 million as at 31 October 2016 to approximately S$1.0 million as at 31 October 2017, mainly due to a decrease in deposits which was in turn mainly due to a deposit in a lawsuit in relation to 2014 Accident being used to settle legal costs after the lawsuit is concluded and the refund of certain foreign workers and sites related deposits after completion of works.

Intangible assets

	As at 31 October 2016	As at 31 October 2017
	S$'000	S$'000
Beginning of financial year	—	4,408
Acquisition of subsidiary	4,408	—
Amortisation	—	(2,204)
End of financial year	4,408	2,204

On 27 October 2016, our Group acquired 100% of the share capital of DHC Construction for S$8,000,000. Post acquisition, a Purchase Price Allocation exercise was carried out to recognise all identifiable assets, liabilities and contingent liabilities which have been acquired during a business combination at their fair values at the date of acquisition. The assets acquired and liabilities assumed pursuant to such acquisition included customer related open construction contracts valued at S$4.4 million.

The valuation in the Purchase Price Allocation exercise was conducted by an independent professional valuer, a Chartered Accountant in Singapore with experience in advising Singapore and offshore listed companies on business valuation matters including Purchase Price Allocation and valuation for the purpose of mergers and acquisitions.

The valuation of the customer related open construction contracts is based on the multi-period excess earnings method which appraises intangible assets using the forecast of future net cash flows arising from the intangible assets for the remaining useful life of the intangible assets, then deduct from the net cash flows contributory asset charges (including working capital, fixed assets and assembled workforce) which represents a market rate of return on and of the fair value of all other assets employed in generating the cash flows associated with the intangible assets. The value of the attributable earnings from the intangible assets is then discounted by a rate which measures the overall required rate of return by taking the weighted average of the costs of equity financing and debt financing.

The assumptions and parameters applied in such impairment assessment include the required returns on and of contributory assets and the discount rate and the remaining useful life of the intangible assets assessed.

The value of our current intangible assets (i.e. the customer related open construction contracts) is subject to amortisation of 2 years.

Also, intangible assets are tested for impairment whenever there is any objective evidence or indication that the intangible assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless that intangible asset does not generate cash inflows that are largely independent of the cash inflows generated from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the intangible asset belongs.

If the recoverable amount of the intangible asset (or the cash-generating unit to which it belongs) is estimated to be less than its carrying amount, the carrying amount of the intangible asset (or the cash-generating unit to which it belongs) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Cash and cash equivalents

We recorded cash and cash equivalents of approximately S$63.9 million, S$41.4 million and S$27.8 million as at 31 October 2015, 2016 and 2017, respectively. Decrease in cash and cash equivalents as at 31 October 2016 was due primarily to the decrease in cash flows from operating activities, prepayment made for the acquisition of property and payment of dividend. Decrease in cash and cash equivalents as at 31 October 2017 was due primarily to the payment of dividend. For more details on the cash and cash equivalents of our Group, please refer to the paragraph headed “Financial Information — Liquidity and Capital Resources” of this prospectus.

Retained profits

We recorded retained profits of approximately S$35.4 million, S$36.4 million and S$43.7 million as at 31 October 2015, 2016 and 2017, respectively.

Amounts due from/(to) customers for contract works

At the time when we issued our invoice to our customers, we recorded the amount of payment on our invoices as progress billings. Progress billings not yet paid by customers and retentions by customers are included within "trade and retention receivables". The amount of our contract revenue we recognise may be different to the amount of progress billings as we recognise contract revenue by reference to the stage of completion of the contract activity (and not based on the invoiced amount) at the balance sheet date. At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from customers for contract works. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to customers for contract works.

Our Directors are of the view that we have adopted a prudent approach in certifying works completed by our subcontractors for the major projects during the Track Record Period. For those major projects, the works performed by our subcontractors are inspected by our quantity surveyors in consultation with the project managers or other delegated staff, and are then approved by our in-house project audit department prior to certification of works to the subcontractors. For certain of those major projects during the Track Record Period, since we adopted a prudent approach in certifying works, our acknowledgment of the progress claims submitted by our subcontractors (i.e. when actual costs are incurred) took place after the certification of the relevant works by our customers (i.e. when progress billings are issued). Hence, the timing difference between the incurrence of our actual costs and the issuance of progress billings gave rise to the "amounts due to customers for contract works" as at 31 October 2015, 2016 and 2017.

The following table sets out the amounts due from/(to) customers for contract works as at the end of each financial year as indicated.

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Contract costs incurred plus recognised profits less recognised losses	697,819	866,373	1,043,000
Less: progress billings	(708,906)	(870,986)	(1,034,161)
Balance at end of year	(11,087)	(4,613)	8,839
Analysed for reporting purposes as:			
- Amounts due from customers for contract works	38,905	23,642	24,211
- Amounts due to customers for contract works	(49,992)	(28,255)	(15,372)
	(11,087)	(4,613)	8,839

Our contract costs incurred plus recognised profits as at 31 October 2017 was higher than our progress billings mainly due to the additional costs incurred in one project as a result of a change in design, for which progress billings were not made as at 31 October 2017.

Since 1 November 2017 and up to 28 February 2018, approximately S$22.9 million or 94.6% of amounts due from customers for contract works as at 31 October 2017 were subsequently certified by our customers.

Trade and retention payables

The following table sets out the trade and retention payables as at the dates indicated:

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Current portion			
Trade payables			
- Related parties	13,832	1,251	—
- Non-related parties	23,228	11,131	14,847
	37,060	12,382	14,847
Retention payables			
- Related parties	1,515	727	—
- Non-related parties	1,138	4,099	4,599
	2,653	4,826	4,599
Accrued construction costs	9,370	8,429	12,171
	49,083	25,637	31,617
Non-current portion			
Retention payables			
- Related parties	1,988	378	—
- Non-related parties	4,048	1,738	2,902
	6,036	2,116	2,902

(i) Trade payables

Trade payables as at 31 October 2015, 2016 and 2017 were approximately S$37.1 million, S$12.4 million and S$14.8 million, respectively. As at 31 October 2015 and 2016 and 2017, the age analysis of the trade payables, based on invoice date, is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Less than three months	34,801	10,615	11,587
Three to six months	46	390	140
Six months to one year	181	102	1,826
More than one year	2,032	1,275	1,294
	37,060	12,382	14,847

The average credit period granted by subcontractors and suppliers is approximately 35 days.

Trade payables decreased from approximately S$37.1 million as at 31 October 2015 to approximately S$12.4 million as at 31 October 2016. The trade payables decreased significantly for the year ended 31 October 2016 due to our Group making large payments to several subcontractors towards the end of the year ended 31 October 2016. Trade payables increased from approximately S$12.4 million as at 31 October 2016 to approximately S$14.8 million, mainly due to the different project mix as at the two dates. There were more new projects as at 31 October 2017 compared to 31 October 2016 and the trade payables in early stage of the projects are usually higher.

The following table sets out the trade payables turnover days during the Track Record Period:

	Year ended 31 October		
	2015	2016	2017
Trade payables turnover days *(Note)*	57	57	31

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of account payables divided by cost of sales for the year, then multiplied by the number of days of the year (i.e. 365 or 366 days for a full year).

Our trade payable turnover days remained stable at approximately 57 days for the years ended 31 October 2015 and 2016, respectively. Our trade payable turnover days decreased from about 57 days in the year ended 31 October 2016 to about 31 days for the year ended 31 October 2017 mainly due to the inclusion of DHC Construction's cost of sales after the acquisition of DHC Construction by our Group in the year ended 31 October 2016.

As at the Latest Practicable Date, approximately 86.8% of the trade payables as at 31 October 2017 had been settled.

(ii) Retention payables

Retention payables that were not yet past due as at 31 October 2015, 2016 and 2017 will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

(iii) Accrued construction costs

Accrued construction costs mainly represent subcontracting costs and goods received that have been accrued but the invoices of which have not been received by our Group.

Other payables and accruals

The accrued construction costs and breakdown of other payables and accruals as at 31 October 2015, 2016 and 2017 are set out below:

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Other payables and accruals			
Deposits	451	441	360
Accrued expenses	642	1,526	1,336
Goods and services tax payables	1,283	996	1,246
Other payables	343	1,181	849
	2,719	4,144	3,791

Other payables and accruals generally include rental deposits, accrued expenses such as tax service fees, audit fees, utilities expenses and staff bonuses, and goods and services tax payable. As at 31 October 2015 and 2016 and 2017, other payables and accruals amounted to approximately S$2.7 million, S$4.1 million and S$3.8 million, respectively. The increase of other payables and accruals by approximately S$1.4 million or 51.9% from 31 October 2015 to 31 October 2016 was mainly attributable to the increase in accrued expenses of approximately S$0.9 million and other payables of approximately S$0.8 million. The decrease of other payables and accruals by approximately S$0.3 million or 7.3% from 31 October 2016 to 31 October 2017 was mainly attributable to the combined effects of an increase in goods and services tax payables of approximately S$0.3 million and a decrease in other payables of approximately S$0.3 million mainly due to lesser accrued staff salary payment.

RELATED PARTY TRANSACTIONS

During the Track Record Period, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Construction income			
- Shanghai Construction (Group) General Co Singapore Branch	3,885	395	335
Services rendered			
- Shanghai Construction (Group) General Co Singapore Branch	505	—	—
Other income			
- Onestar Construction Pte Ltd	—	10	—
Recovery of receivables previously written off			
- Olivine Capital Pte. Ltd.	—	150	271
Construction costs			
- BHD Construction Pte Ltd	4,088	4,024	—
- DHC Construction Pte Ltd	43,830	43,536	—
- King Hong Construction & Development Pte. Ltd. (Formerly known as Huang Pu Construction Pte. Ltd.)	1,777	131	114
- Jiestar Engineering Pte Ltd	3,316	3,746	74
- Onestar Construction Pte Ltd	3,495	3,093	2
- Shanghai Construction (Group) General Co Singapore Branch	1,942	1,174	221
Operating expenses charges			
- Shanghai Construction (Group) General Co Singapore Branch	52	43	64
Write off of receivables			
- Olivine Capital Pte. Ltd.	2,843	—	—
Expenses paid on behalf			
- DHC Construction Pte Ltd	17,234	13,965	—
- Onestar Construction Pte Ltd	1,079	519	—
- Olivine Capital Pte. Ltd.	7	—	—

With respect to the related party transactions set out above, our Directors are of the opinion that during the Track Record Period, these transactions were conducted at arm's length basis and on normal commercial terms and the pricing terms were comparable or no less favourable than terms available from Independent Third Parties which are considered fair and reasonable.

For details of the related party transactions, please refer to note 32 to the financial information of the Accountant's Report in Appendix I to this prospectus.

Having considered that these related party transactions are conducted on arm's length basis and normal commercial terms and were no less favourable than the terms available from Independent Third Parties, our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance. Except as disclosed above, there is no other related party transactions during the Track Record Period.

None of the above related party transactions is expected to continue as related party transactions or continuing connected transactions after Listing. DHC Construction has been acquired into our Group as part of the Corporate Reorganisation, for details please see paragraph headed "History, Reorganisation and Corporate Structure — Our History — History of our Singapore Subsidiaries — DHC Construction" of this prospectus. All other entities above (other than DHC Construction, SCG Singapore Branch and Olivine Capital Pte. Ltd.) were previously owned by Mr. Shi and Mdm. Liu and became Independent Third Parties after the disposal of the entire shareholdings by Mr. Shi and Mdm. Liu. As to SCG Singapore Branch and Olivine Capital Pte. Ltd., our Executive Directors confirm that our Group has no present intention to enter into transactions with SCG Singapore Branch and Olivine Capital Pte. Ltd. after Listing. In the event that our Group enters into transactions with these parties after Listing, our Group will comply with the relevant Listing Rules requirements to the extent that they apply to those transactions.

After the parties referred to in the related party transactions above ceased to be our Group's related parties, save for certain transactions which are similar in nature to those set out above, we have not entered into any new contracts with such parties up to the Latest Practicable Date. The transactions we entered into with BHD Construction, King Hong Construction, Jiestar Engineering and Onestar Construction continued after they ceased to be our Group's related parties. In particular, Jiestar Engineering and Onestar Construction were two of our top five subcontractors during the year ended 31 October 2017. The Directors are of the opinion that there has not been any material change in the salient terms of the above transactions with BHD Construction, King Hong Construction, Jiestar Engineering and Onestar Construction after they ceased to be our Group's related parties. Our Group undertakes a subcontractor selection and management approval process to assess new business opportunities, please refer to the paragraph headed "Business — Subcontractors" in this prospectus for factors we take into account in such process. Our Directors confirm that we will follow the same selection and management approval process for assessing future business opportunities and whether our Group will continue to enter into similar transactions with such parties depends on whether, after undertaking the selection and management approval process, we are of the view that entering into such transactions would be in the interest of our Group and if we do enter into similar transactions, our Directors expect no material change in the salient terms of the transactions with such parties as compared to similar transactions during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Our business operation depends on the sufficiency of working capital and effective cost management, in particular competitive prices from our suppliers or subcontractors and management of our foreign workforce. Our source of funds for our operations mainly comes from our internally generated funds. Our primary uses of cash are for payment to suppliers, subcontractors and working capital needs. Upon the Listing, our source of funds will be a combination of internally generated funds and net proceeds from the Global Offering.

The following table is a condensed summary of our consolidated statements of cash flows for the periods indicated:

	Year ended 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Net cash generated from operating activities	41,405	9,322	6,837
Net cash generated from/(used in) investing activities	892	(7,695)	(344)
Net cash used in financing activities	(10,670)	(24,073)	(19,956)
Net increase/(decrease) in cash and cash equivalents	31,627	(22,446)	(13,463)
Cash and cash equivalents at beginning of the financial year	32,074	63,701	41,255
Cash and cash equivalents at end of the financial year	63,701	41,255	27,792

Operating activities

Net cash generated from operating activities primarily consisted of profit before income tax adjusted for non-cash items, such as depreciation of plant and equipment, loss or gain on disposals of property, plant and equipment, interest income and interest expense. We derive our cash inflow from operations principally from our revenue. Our cash outflow used in operations is principally for payment to suppliers, subcontractors and working capital needs.

For the year ended 31 October 2017, our net cash generated from operating activities was approximately S$6.8 million. The net cash generated from operating activities was mainly attributable to our profit before income tax of approximately S$33.7 million, which was adjusted primarily for (i) the depreciation of plant and equipment of approximately S$0.8 million; and (ii) amortisation of intangible assets of approximately S$2.2 million.

The difference of approximately S$29.8 million between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to the combined effect of (i) the amount due from/to customers for contract works of approximately S$13.5 million; (ii) an increase in trade and retention receivables of approximately S$14.4 million which was mainly due to the trade receivable of a new client which we have granted 95 days of credit term of approximately S$15.3 million and the slow settlement of our trade receivable by another client of approximately S$10.0 million (all of which have been paid to us subsequent to the Track Record Period); (iii) an increase in trade and retention payables of approximately S$6.8 million which was mainly due to an increase in the accrued construction costs; and (iv) a decrease in other payables and accruals of approximately S$0.6 million. For details of the change in the balance of trade receivables, trade payables and other payables, please refer to the paragraph headed "Financial Information — Description of selected items of consolidated balance sheets — Trade and retention receivables — (i) Trade receivables; Trade and retention payables — (i) Trade payables; and Other payables and accruals" of this prospectus.

For the year ended 31 October 2016, our net cash generated from operating activities was approximately S$9.3 million. The net cash generated from operating activities was mainly attributable to our profit before income tax of approximately S$29.7 million, which was adjusted primarily for (i) the depreciation of plant and equipment of approximately S$0.5 million; and (ii) interest income of approximately S$0.5 million.

The difference of approximately S$20.4 million between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to the combined effect of (i) the amount due from/to customers for contract works of approximately S$11.8 million; (ii) a decrease in trade and retention receivables of approximately S$32.0 million which was mainly due to a decrease in trade receivables which was mainly due to the decrease in progress billings from two projects which were completed in May and September 2016; and (iii) a decrease in trade and retention payables of approximately S$34.3 million which was mainly due to a decrease in trade payables as our Group made large payments to several subcontractors towards the end of the year ended 31 October 2016. For details of the change in the balance of trade receivables, trade payables and prepayments, please refer to the paragraph headed "Financial Information — Description of selected items of consolidated balance sheets — Trade and retention receivables — (i) Trade receivables; Trade and retention payables — (i) Trade payables" of this prospectus.

For the year ended 31 October 2015, our net cash generated from operating activities was approximately S$41.4 million. The net cash generated from operating activities was mainly attributable to our profit before income tax of approximately S$20.7 million, which was adjusted primarily for (i) the depreciation of plant and equipment of approximately S$0.6 million; and (ii) write off of trade and other receivables amounting to S$2.8 million.

The difference of approximately S$17.3 million between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to the combined effect of (i) the amount due from/to customers for contract works of approximately S$26.7 million; (ii) an increase in trade and retention receivables of approximately S$22.0 million which was mainly due to the substantial amount of progress billings made in connection with two projects towards the end of the year ended 31 October 2015; and (iii) an increase in trade and retention payables of approximately S$13.7 million which was mainly due to a significant increase in subcontracting costs following our Group being awarded several large scale construction projects. For details of the change in the balance of trade receivables and trade payables, please refer to the paragraph headed "Financial Information — Description of selected items of consolidated balance sheets — Trade and retention receivables — (i) Trade receivables & Trade and retention payables; and (i) Trade payables" of this prospectus.

Our net cash generated from operating activities decreased by approximately S$2.5 million, from approximately S$9.3 million for the year ended 31 October 2016, to approximately S$6.8 million for the year ended 31 October 2017. This is mainly because an increase in profit before income tax of approximately S$4.0 million, adjusted primarily for (i) a decrease in amounts due from/to customers for contract works of approximately S$13.5 million; (ii) a net increase in trade and retention receivables of approximately S$14.4 million which was mainly due to the trade receivable of a new client which we have granted 95 days of credit term of approximately S$15.3 million and the slow settlement of our trade receivable by another client of approximately S$10.0 million (all of which have been paid to us subsequent to the Track Record Period) during the year ended 31 October 2017; and (iii) a net increase in trade and retention payables of approximately S$6.8 million which was mainly due to an increase in the accrued construction costs.

Our net cash generated from operating activities decreased by approximately S$32.1 million, from approximately S$41.4 million for the year ended 31 October 2015, to approximately S$9.3 million for the year ended 31 October 2016. This is mainly because of the large amount of net cash generated from operating activities for the year ended 31 October 2015, which was mainly attributable to the revenue of approximately S$90.6 million arising from two major general building projects awarded towards the end of the year ended 31 October 2014, of which the substantial bulk of work was completed in the year ended 31 October 2015. In addition, the decrease in the net cash generated from operating activities is also due to an increase in profit before income tax of approximately S$9.0 million, adjusted primarily for (i) a decrease in net amounts due from/to customers for contract works of approximately S$11.8 million; (ii) a net decrease in trade and retention receivables of approximately S$32.0 million which was mainly due to a decrease in trade receivables which was mainly due to the decrease in progress billings from two projects which were completed in May and September 2016; (iii) a net increase in other payables and accruals of approximately S$1.8 million; and (iv) a net decrease in trade and retention payables of approximately S$34.3 million which was mainly due to a decrease in trade payables as our Group made large payments to several subcontractors towards the end of the year ended 31 October 2016.

Investing activities

Our cash generated from investing activities are primarily attributed to proceeds from disposal of plant and equipment and repayment of loan by a non-related party. Our cash used in investing activities is primarily for the making of loans to non-related parties, purchases of plant and equipment and acquisition of DHC Construction.

For the year ended 31 October 2017, our net cash used in investing activities was approximately S$0.3 million, mainly due to the purchases of plant and equipment of approximately S$0.4 million.

For the year ended 31 October 2016, our net cash used in investing activities was approximately S$7.7 million, mainly due to (i) the acquisition of two properties in Singapore of approximately S$5.7 million; (ii) purchase of plant and equipment of approximately S$0.5 million; and (iii) the acquisition of DHC Construction (net of cash acquired) of approximately S$1.6 million.

For the year ended 31 October 2015, our net cash generated from investing activities of approximately S$0.9 million, mainly from (i) proceeds from disposal of plant and equipment of approximately S$0.3 million; and (ii) repayment of loan by a non-related party of approximately S$1.3 million, which were partially offset by purchases of plant and equipment for approximately S$0.7 million.

Financing activities

Our cash used in financing activities is principally due to repayment of finance lease liabilities and payment of dividends. Our cash inflow from financing activities is primarily due to proceed from issuance of shares.

For the year ended 31 October 2017, our net cash used from financing activities was approximately S$20.0 million, due to dividends paid of approximately S$20.0 million.

For the year ended 31 October 2016, our net cash used in financing activities was approximately S$24.1 million, due to (i) dividends paid of approximately $24.0 million; and (ii) repayment of finance lease liabilities of approximately S$0.1 million.

For the year ended 31 October 2015, our net cash used in financing activities was approximately S$10.7 million, due to (i) dividends paid of approximately S$10.5 million and (ii) repayment of finance lease liabilities of approximately S$0.2 million.

Net current assets

We recorded net current assets of approximately S$42.7 million, S$37.4 million, S$46.2 million and S$48.5 million as at 31 October 2015, 2016 and 2017 and 28 February 2018, respectively.

	As at 31 October			As at 28 February
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Current assets				
Trade and retention receivables	47,728	38,017	51,121	48,993
Other receivables, deposits and prepayments	1,029	2,332	977	1,778
Amounts due from customers for contract works	38,905	23,642	24,211	23,566
Cash and cash equivalents	63,872	41,426	27,792	41,640
	151,534	105,417	104,101	115,977
Current Liabilities				
Trade and retention payables	49,083	25,637	31,617	36,689
Other payables and accruals	2,719	4,144	3,791	3,583
Amounts due to customers for contract works	49,992	28,255	15,372	18,860
Finance lease liabilities	59	53	62	60
Provision	—	200	—	—
Current income tax payables	6,972	9,758	7,085	8,271
	108,825	68,047	57,927	67,463
Net current assets	42,709	37,370	46,174	48,514

Our Group's net current assets remained stable at approximately S$46.2 million as at 31 October 2017 and approximately S$48.5 million as at 28 February 2018, mainly due to the combined effect of (i) an increase in cash and cash equivalents from approximately S$27.8 million as at 31 October 2017 to approximately S$41.6 million as at 28 February 2018 mainly due to subsequent settlement of trade receivables of approximately S$24.6 million for two construction projects; and (ii) an increase in trade and retention payables of approximately S$5.1 million mainly due to more work required for ongoing projects and newly awarded projects near the end of February 2018.

Our Group's net current assets increased from approximately S$37.4 million as at 31 October 2016 to approximately S$46.2 million as at 31 October 2017. The increase of net current assets of approximately S$8.8 million was primarily due to the (i) an increase in trade and retention receivables from approximately S$38.0 million as at 31 October 2016 to approximately S$51.1 million as at 31 October 2017; and (ii) a decrease in the amounts due to customers for contract works of from approximately S$28.3 million as at 31 October 2016 to approximately S$15.4 million as at 31 October 2017. Such changes were partially offset by (i) a decrease in cash and cash equivalents from approximately S$41.4 million as at 31 October 2016 to approximately S$27.8 million as at 31 October 2017; and (ii) an increase in trade and retention payables from approximately S$25.6 million as at 31 October 2016 to approximately S$31.6 million as at 31 October 2017. For details of the changes in the balance of trade and retention receivable, cash and cash equivalents and trade and retention payables, please refer to the paragraph headed "Financial Information — Description of selected items of consolidated balance sheets" of this prospectus.

Net current assets decreased from approximately S$42.7 million as at 31 October 2015 to S$37.4 million as at 31 October 2016. The decrease of net current assets of approximately S$5.3 million was primarily due to the (i) decrease in trade and retention receivables from approximately S$47.7 million as at 31 October 2015 to S$38.0 million as at 31 October 2016; (ii) decrease in cash and cash equivalents from approximately S$63.9 million as at 31 October 2015 to S$41.4 million as at 31 October 2016. Such decreases was partially offset by (i) decrease in trade and retention payables from approximately S$49.1 million as at 31 October 2015 to S$25.6 million as at 31 October 2016; (ii) decrease in net amounts due to customers for contract works of approximately S$6.5 million; and (iii) increase in current income tax payables from approximately S$7.0 million as at 31 October 2015 to S$9.8 million as at 31 October 2016. For details of the changes in the balance of trade and retention receivable, cash and cash equivalents and trade and retention payables, please refer to the paragraph headed "Financial Information — Description of selected items of consolidated balance sheets" of this prospectus.

WORKING CAPITAL

Taking into account the financial resources available to our Group, including the internally generated funds and the estimated proceeds from the Global Offering, our Directors are of the opinion that our Group has sufficient funds to meet the working capital and financial requirements for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

Bank Borrowings

HPC Builders was granted a facility amounting to approximately S$1.1 million from United Overseas Bank Limited ("**UOB**") in December 2012, the terms of which was revised in October 2014 and February 2015. The facility was secured by a letter of charge and set-off executed by HPC Builders and a personal guarantee executed by Mr. Wang. The facility granted by UOB was cancelled on 31 October 2016 and the charge that was registered in favour of UOB with the Accounting and Corporate Regulatory Authority of Singapore was accordingly discharged.

Save as aforesaid, our Directors confirm that our Group does not have any other bank borrowings and facilities during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that our Group had no material defaults in payment of trade and non-trade payables and bank borrowings, and/or breaches of finance covenants during the Track Record Period and up to the Latest Practicable Date.

Finance Lease Liabilities

The Group leases motor vehicles from non-related parties under finance leases.

	Minimum lease payments			
	As at 31 October			As at 28 February
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000 (Unaudited)
Within one year	66	58	70	67
Between one and five years	141	83	84	64
	207	141	154	131
Less: future finance charges	(21)	(21)	(18)	(16)
Present value of finance lease liabilities	186	120	136	115

Contingent Liability and Financial Guarantee

Contingent liabilities, excluding those relating to business combinations, of which the probability of settlement is not remote at the balance sheet date, are as follows:

Our Group was involved in a number of litigation cases related to workplace injuries and a dispute with a supplier. As at 31 October 2015, 2016 and 2017, our Group did not expect material contingent liabilities arising from these litigations, other than S$0.2 million provided for 31 October 2016 of which was in respect of a then pending lawsuit involving a fatal accident at construction site. Further to the resolution of the then pending lawsuit, this S$0.2 million provision has been utilised during 2017. For further details, please refer to the paragraph headed "Business — Fatal Accidents" of this prospectus.

Our Group provided a performance guarantee to DHC Construction in relation to a construction contract as at 31 October 2015 and 2016.

Apart from the above and except as disclosed in the paragraph headed "Indebtedness", we do not have other loan capital issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptable credits, hire purchase and finance lease commitments, guaranteed, unguaranteed, secured (whether the security is provided by our Group or by third parties) or unsecured borrowings, and debts, mortgages, charges, guarantees or other material contingent liabilities outstanding as at 28 February 2018 being the date of the indebtedness statement. Our Directors confirmed that as at the Latest Practicable Date, we have not raised material external debt financing and have no plans to do so in the near future. Our Group's unutilised bank guarantee facilities amounted to S$1.0 million, nil and nil as at 31 October 2015, 2016 and 2017, respectively.

Our Directors confirmed that we had neither experienced any difficulties in obtaining banking facilities or repaying during the Track Record Period.

Our Directors confirm that there is no material change in indebtedness as disclosed in the paragraph headed "Indebtedness" since 28 February 2018 up to the Latest Practicable Date.

CAPITAL EXPENDITURE

During the Track Record Period, our Group's capital expenditures have principally consisted of expenditures on plant and equipment. We incurred cashflows on capital expenditures for purchases of property, plant and equipment (including finance lease liabilities) in the amounts of approximately S$0.8 million, S$6.2 million and S$0.6 million for the years ended 31 October 2015, 2016 and 2017, respectively.

For the years ending 31 October 2018 and 2019, we expect the capital expenditures to be approximately S$3.4 million and approximately S$7.4 million, respectively. Arising from these additional purchases, the estimated increased depreciation charge would be approximately S$0.1 million for the year ending 31 October 2018.

CAPITAL COMMITMENTS

As at 31 October 2015, 2016 and 2017 and the Latest Practicable Date, our Group did not have any capital commitment.

OFF-BALANCE SHEET TRANSACTION

Except for the commitments set forth above, we have not entered into any material off-balance sheet transactions or arrangements.

FINANCIAL INSTRUMENTS

Except as otherwise disclosed, we have not entered into any other financial instruments for hedging purposes.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at the dates indicated:

	As at/For the year ended 31 October		
	2015	2016	2017
Current ratio (times)(1)	1.4	1.5	1.8
Gearing ratio (%)(2)	0.4	0.2	0.2
Gross profit margin (%)(3)	12.2	16.6	19.8
Net profit margin (%)(4)	8.2	13.1	13.6
Return on equity (%)(5)	34.8	45.3	43.7
Return on total assets (%)(6)	10.6	19.8	22.1

Notes:

(1) Current assets divided by current liabilities as at the respective year end.

(2) Gearing ratio is calculated by dividing total borrowings by total equity as at the respective year end.

(3) Gross profit margin is calculated by dividing gross profit for the year by the revenue.

(4) Net profit margin is calculated by dividing net profit for the year by the revenue.

(5) Profit for the year or period divided by total equity as at respective year end.

(6) Profit for the year or period divided by total assets as at respective year end.

Current ratio

Our Group's current ratio as at 31 October 2015, 2016 and 2017 remained stable at approximately 1.4 times, 1.5 times and 1.8 times, respectively.

Gearing ratio

Our gearing ratio as at 31 October 2015, 2016 and 2017 was approximately 0.4%, 0.2% and 0.2%, respectively. Our Group did not have significant borrowings as at 31 October 2015, 2016 and 2017.

Gross profit margin

For details on the fluctuation of our gross profit margin, please refer to the paragraphs headed "Financial Information — Description of selected income statement items, Review of historical results of operations — Year ended 31 October 2017 compared to year ended 31 October 2016 — Gross profit and gross profit margin and Year ended 31 October 2016 compared to year ended 31 October 2015 — Gross profit and gross profit margin" of this prospectus.

Net profit margin

For details on the fluctuation of our net profit margin, please refer to the paragraphs headed "Financial Information — Review of historical results of operations — Year ended 31 October 2017 compared to year ended 31 October 2016 and Year ended 31 October 2016 compared to year ended 31 October 2015" of this prospectus.

Return on equity

Return on equity increased from approximately 34.8% for the year ended 31 October 2015 to approximately 45.3% for the year ended 31 October 2016, which was mainly due to the increase of our total equity by approximately 9.3% from approximately S$50.4 million as at 31 October 2015 to approximately S$55.1 million as at 31 October 2016 and our net profit for the year increased at a larger percentage by approximately 42.9% from approximately S$17.5 million for the year ended 31 October 2015 to approximately S$25.0 million for the year ended 31 October 2016. Return on equity remained stable of approximately 43.7% for the year ended 31 October 2017.

Return on total assets

Our return on total assets increased from approximately 10.6% for the year ended 31 October 2015 to approximately 19.8% and 22.1% for the year ended 31 October 2016 and for the year ended 31 October 2017, respectively. Our return on total assets should be on an increasing trend during the Track Record Period due to the increase in our net profits over the three financial years in the Track Record Period.

EVENT AFTER THE REPORTING PERIOD

For subsequent events that took place after the Track Record Period, please refer to Note 34 to the Accountant's Report set out in Appendix I to this prospectus.

DIVIDENDS

For the years ended 31 October 2015 and 2016, HPC Builders declared dividends of S$10.5 million and S$24.0 million, respectively, to our then equity owners. For the year ended 31 October 2017 and subsequent to the Track Record Period, our Company declared dividends of approximately S$20.0 million and approximately S$23.9 million, respectively, to its equity owners. All these dividends had been fully settled as at the Latest Practicable Date, which were paid using internal resources of our Group. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following Listing.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board. 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 predetermined dividend payout ratio.

Cash dividends on our shares, if any, will be paid in Hong Kong Dollars. Other distributions, if any, will be paid to our shareholders by any means which our Directors deem legal, fair and practicable. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

DISTRIBUTABLE RESERVES

As at 31 October 2017, the Company had distributable reserves available for distribution to the Shareholders of approximately S$45.6 million.

TAXATION

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law. There is no taxation on income under the Cayman Islands laws as at the Latest Practicable Date. For our subsidiaries incorporated in the BVI, they are exempt from all provisions of the BVI Income Tax Ordinance. For our subsidiaries incorporated in Singapore, Singapore income tax is calculated at the rate of 17.0% on the estimated assessable profit for the Track Record Period.

ESTIMATED LISTING EXPENSES

Our estimated expenses in relation to the Global Offering, including underwriting commissions, are approximately S$9.3 million, of which approximately S$3.5 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering. The remaining estimated listing expenses of approximately S$5.8 million, which cannot be so deducted, was or will be charged to profit or loss, of which approximately S$0.5 million were charged for the year ended 31 October 2016, approximately S$2.8 million were charged for the year ended 31 October 2017 and approximately S$2.5 million is expected to be incurred before or upon completion of the Global Offering. This calculation is based on the mid-point of the indicative Offer Price range of HK$0.40 to HK$0.48 per Offer Share and the assumption that 400,000,000 Shares are to be issued under the Global Offering and 1,600,000,000 Shares are to be in issue and outstanding immediately following the Global Offering (assuming the Over-allotment Option is not exercised) and is subject to the adjustment based on the actual amount incurred or to be incurred.

FINANCIAL RISK MANAGEMENT

Our Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance.

Risk management is carried out by a finance department headed by the Executive Directors of our Group (the "**Finance Department**"). The Finance Department identifies and evaluates financial risks in close co-operation within our Group to cope with overall risk management, as well as specific areas, such as cash flow and fair value interest rate risk, foreign currency risk, credit risk and liquidity risk.

Market risk

(i) *Foreign currency risk*

Most of the income and expenditures of our Group are denominated in Singapore dollars, being the functional currency of the subsidiaries now comprising our Group, and hence, our Group does not have any material foreign exchange exposure, except for cash and cash equivalents.

(ii) *Cash flow and fair value interest rate risk*

Other than the cash at banks and the finance lease liabilities, our Group has no significant interest-bearing assets or liabilities. Our Group's cash at banks carry at low interest rates which the interest income is not significant and finance lease liabilities are subject to fixed interest rate. Our Group's profit and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

The credit risk of our Group mainly arises from trade, retention and other receivables and deposits, loans to non-related parties and bank balances.

Our management considers our Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. Our Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

Our Company's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. Our Company trades with all third parties but will only provide credit terms upon approval of the management. The receivable balances are monitored on an ongoing basis by our management with the result that our Company's exposure to bad debts is not significant.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with our Group.

Our Group is exposed to concentration of credit risk as at 31 October 2015, 2016 and 2017 on trade and retention receivables from our Group's top five debtors amounting to approximately S$49.4 million, S$32.5 million and S$48.5 million, respectively, and accounted for 82%, 70% and 79% of the total trade and retention receivables balance, respectively.

For the amounts due from related parties, our Group has policies in place to monitor the credit exposure of the related parties. Our Group will assess the financial capabilities of the related parties including its repayment histories, and its abilities to obtain financial support when necessary. Our management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Our management is of the opinion that the risk of default by the related parties is low.

Liquidity risk

Liquidity risk is the risk that our Group will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of collections and payments timing. Our objective is to maintain a sufficient reserves of cash from business.

The table below analyses our Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within one year	Between one to five years	Total
	S$'000	S$'000	S$'000
As at 31 October 2015			
Trade and retention payables, other payables and accruals	51,802	6,036	57,838
Finance lease liabilities	66	141	207
	51,868	6,177	58,045
As at 31 October 2016			
Trade and retention payables, other payables and accruals	29,781	2,116	31,897
Finance lease liabilities	58	83	141
	29,839	2,199	32,038

	Within one year	Between one to five years	Total
	S$'000	S$'000	S$'000
As at 31 October 2017			
Trade and retention payables, other payables and accruals	35,408	2,902	38,310
Finance lease liabilities	70	84	154
	35,478	2,986	38,464

PROPERTY INTEREST AND VALUATION OF INVESTMENT PROPERTY

Our Property Valuer, A Star Valuer Pte. Ltd., has valued our Group's investment property interest as at 14 February 2018 at S$2.6 million (equivalent to approximately HK$15.5 million). Details of the valuation are summarized in Appendix III to this prospectus.

The following table sets out a reconciliation of the fair value of our Group's investment property interest as at 14 February 2018 to their net book value as at 31 October 2017, details of which is set out in note 16 of the Accountants' Report in Appendix I to this prospectus for further details:

	S$'000
Valuation as at 14 February 2018 as set out in the Property Valuation in Appendix III	2,600
Less: net book value of our Group's investment property interest as at 31 October 2017 as set out in the Accountants' Report in Appendix I	(2,675)
Add: depreciation for the period from 1 November 2017 to 14 February 2018 (unaudited)	25
Valuation deficit	(50)

The Directors consider that, as a stable monthly rental income of S$13,000 has been generated from the investment property since January 2017, there was no impairment on the investment property.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our Company as if the Global Offering had taken place on 31 October 2017. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company had the Global Offering been completed on 31 October 2017 or at any future dates.

	Audited consolidated net tangible assets attributable to the owners of our Company as at 31 October 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	S$'000	S$'000	S$'000	S$	Equivalent to HK$
Based on an Offer Price of HK$0.40 per Share	60,259	22,040	82,299	0.051	0.307
Based on an Offer Price of HK$0.48 per Share	60,259	27,241	87,500	0.055	0.326

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 October 2017 is extracted from the Accountant's Report of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 October 2017 of S$62,463,000, with an adjustment for the intangible assets as at 31 October 2017 of S$2,204,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$0.40 per Share and HK$0.48 per Share, respectively, and, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately S$3,271,000 which have been accounted for prior to 31 October 2017) payable by our Company and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,600,000,000 Shares were in issue assuming that the Global Offering and Capitalisation Issue had been completed on 31 October 2017 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of preparing this unaudited pro forma statement of adjusted net tangible assets, the amount denominated in Singapore dollars have been converted to Hong Kong dollars at the rate of S$1.0000 to HK$5.9682, as set out in "Information about this prospectus and the Global Offering — Conversion and Exchange Rates" to this prospectus. No representation is made that the S$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at all.

(5) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 October 2017. In particular, the unaudited pro forma adjusted net tangible assets per Share has not taken into account the dividend declared and paid after the Track Record Period.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, save as disclosed above, as at the Latest Practicable Date, they are not aware of any circumstances which would give rise to the disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD AND NO MATERIAL ADVERSE CHANGE

We have continued to focus on strengthening our market position for our construction business in Singapore, in particular in relation to warehouse construction. As far as we are aware, our industry remained relatively stable after the Track Record Period and up to the Latest Practicable Date. There was no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 31 October 2017 up to the Latest Practicable Date, save as disclosed in the paragraph headed "Estimated Listing Expenses" of this section, we did not experience any significant drop in revenue or increase in cost of sales or other costs as there were no significant changes to the general business model of our Group and economic environment of Singapore. As at 31 October 2017, our Group has 13 ongoing construction projects, 12 of which are construction projects of HPC Builders and one of which is construction project of DHC Construction. The outstanding aggregate contract sum arising from these 13 ongoing construction contracts are approximately S$266.9 million (with approximately S$247.4 million arising from the 12 HPC Builders contracts and approximately S$19.5 million arising from the one DHC Construction contract) as at 31 October 2017, in relation to which approximately S$208.6 million, S$45.7 million and S$12.6 million of revenue arising from these projects is expected to be recognised for the year ending 31 October 2018, the year ending 31 October 2019 and after 31 October 2019, respectively.

Subsequent to the Track Record Period, our Group has been awarded with three new projects with contract sums of S$15.0 million, S$83.8 million and S$35.2 million, respectively, all of which are main contractor projects for private general building works. Our construction projects are undertaken on a project-by-project nature basis and are typically non-recurring in nature. For the year ended 31 October 2017, there has been a general increase in our gross profit margin compared to the gross profit margin for the year ended 31 October 2016. This is mainly due to (i) the gross profit margin contributed by DHC Construction, which is generally higher than that of HPC Builders; and/or (ii) the higher gross profit margin for the year ended 31 October 2017 contributed by different projects in that period. Our Group's gross profit margin for the year ending 31 October 2018 may decrease compared with that for the year ended 31 October 2017 due to (i) the lower forecasted gross profit margins for certain potential contracts; and (ii) potential change in market conditions such as intensified competition for construction contracts due to a slowdown of Singapore's economy.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 October 2017 (being the end of the periods covered by the Accountant's Report in Appendix I of this prospectus).

FUTURE PLANS

Please see the paragraph headed "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

Background information and reasons for listing in Hong Kong

Our Group has been contemplating the diversification, growth and expansion of our business and accordingly, a listing has been considered. We had explored several platforms and concluded that the Stock Exchange is a suitable platform given Hong Kong's level of internationalism, sound legal system and regulatory framework, mature financial system, reputation in the global financial market, established international institutional investor base as well as the volume and liquidity of funds and capital available for investment in the equity market. In particular, as compared to other international financial centres in Southeast Asia, the total IPO fundraising size and trading volume of the equity market are larger in Hong Kong. Hong Kong was the top exchange for IPO fundraising in the world in terms of fundraising size in 2015 and 2016.

The table below highlights the differences between the Stock Exchange and Singapore Stock Exchange in terms of (i) number of listings, (ii) total funds raised and (iii) total market capitalisation:

	Hong Kong		**Singapore**	
	Year ended 31 December		**Year ended 30 June**	
	2016	**2017**	**2016**	**2017**
Number of new listings	126[1]	174[1]	21[2]	23[2]
Total funds raised from new listings	HK$190.6 billion[1]	HK$122.6 billion[1]	S$2.1 billion[2] (equivalent to approximately HK$12.5 billion)	S$1.3 billion[2] (equivalent to approximately HK$7.8 billion)
	Hong Kong		**Singapore**	
	As at 31 December		**As at 31 December**	
	2016	**2017**	**2016**	**2017**
Total market capitalisation	HK$24.8 trillion[1]	HK$34.0 trillion[1]	S$671.2 billion[3] (equivalent to approximately HK$4.0 trillion)	S$757.7 billion[3] (equivalent to approximately HK$4.5 trillion)

Sources:

1. *Stock Exchange*
2. *Singapore Stock Exchange*
3. *Bloomberg*

According to the data retrieved from Bloomberg, the average price-earnings ratio of all companies listed on the Stock Exchange and those listed on the Stock Exchange of Singapore as at the Latest Practicable Date was approximately 29.9 times and 24.5 times respectively. Our Directors consider that the valuation of Hong Kong listed companies is generally higher than Singapore listed companies, and so it is more probable for our Group to achieve a higher valuation with a listing in Hong Kong as opposed to Singapore.

In addition, the average daily trading volume of the equity market in Hong Kong is larger than that on other securities exchanges in Southeast Asia.

The table below highlights the differences between the Stock Exchange and Singapore Stock Exchange in terms of (i) average daily equities turnover and (ii) equity funds raised in the secondary market:

	Hong Kong	**Singapore**
	Year ended 31 December 2017	**Year ended 30 June 2017**
Average daily equities turnover	HK$88.2 billion[1]	S$1.1 billion[2] (equivalent to approximately HK$6.6 billion)
	Hong Kong	**Singapore**
	Year ended 31 December 2017	**Year ended 31 December 2017**
Equity funds raised in the secondary market	HK$125.8 billion[3]	S$191.7 million[3] (equivalent to approximately HK$1.1 billion)

Sources:

1. *Stock Exchange*
2. *Singapore Stock Exchange*
3. *Bloomberg*

Our Directors believe that the Hong Kong stock market is a larger and more liquid secondary fund raising platform for Hong Kong listed companies. In addition, the unique connectivity of the Hong Kong stock market with the PRC markets through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect would enable eligible Hong Kong listed companies to attract funds from PRC investors, thus broadening the investor base for the Hong Kong stock market. Hence, our Directors consider that the Listing would provide our Group the opportunity to enhance its profile internationally, increase our presence among international corporations (especially those based in the PRC) planning to expand their business in Singapore which are our Group's potential customers, and attract investors from the established international and PRC-related institutional investor base in Hong Kong, thereby expanding our sources of funding. Our Group confirms that it has not applied to list in Singapore, nor has it engaged any professional adviser to prepare for a listing application in Singapore.

As discussed in the paragraph headed "Business — Our Business Model" of this prospectus, our projects are broadly classified into two types of construction activities: (i) general building works; and (ii) civil engineering works. We have held a GB1 licence issued by the BCA since 3 August 2010. Our Group is registered by BCA under the CRS under the CW01 workhead for "General Building" at A1 Grade since 27 May 2014 and under the CW02 workhead for "Civil Engineering" at B1 Grade since 14 November 2017.

As discussed in the paragraph headed "Business — Business Objectives and Strategies" in this prospectus, our Group intends to, as part of its business strategies, take on more warehouse construction projects (as a main contractor) and more public sector projects (both as a main contractor and subcontractor), and to acquire more equipment and facilities and have an enhanced focus on talent recruitment and training and an expansion of our labour force. Our Directors are of the view that the net proceeds from the Global Offering will strengthen our capital base and will provide funding for achieving our business objectives and strategies and carrying out our future plans.

Our Directors also believe that the Listing on the Stock Exchange will provide an indirect complimentary advertising to raise our Group's brand awareness and publicity on an international level, making our Company's range of services known to new potential local and international customers for their projects in Singapore, in the hope of leading to an increase in market share. In addition, our Directors also believe that customers may prefer contractors who are listed given their reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies.

PROPOSED USE OF NET PROCEEDS FROM THE ISSUE OF NEW SHARES

The table below sets forth the estimated net proceeds from the Global Offering which we will receive after deducting the underwriting fees and other estimated expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(HK$ million)	(HK$ million)
If the Offer Price is fixed at HK$0.44 per Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$120.5 million	Approximately HK$145.0 million
If the Offer Price is fixed at HK$0.48 per Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$135.4 million	Approximately HK$162.2 million
If the Offer Price is fixed at HK$0.40 per Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$105.6 million	Approximately HK$127.9 million

We intend to apply the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised), assuming an Offer Price of HK$0.44 per Share, being the mid-point of the proposed Offer Price range of HK$0.40 to HK$0.48 per Share, of approximately HK$120.5 million for the following purposes:

- approximately 65.0% of the net proceeds (or approximately HK$78.3 million) will be used for initial capital deployment (which is approximately 10%-15% of contract sum for our ongoing (being projects which have been awarded subsequent to 31 October 2017) and future projects), including that relating to the purchase of raw materials and engagement of subcontractors, for our ongoing and future projects, that may be undertaken in the year ending 31 October 2018 and onwards, for the development and expansion of our main contractor construction business, in particular, in relation to warehouse construction and projects in the private and public sector;

Some of the net proceeds will be utilised for the initial capital deployment for three projects that have been recently awarded after 31 October 2017 with aggregate contract value of approximately S$134.0 million. For details of such ongoing projects, please refer to the paragraph headed "Summary — Recent Development" in this prospectus for more details. Our Directors have made reasonable and careful assessment in estimating the Group's working capital requirement to undertake the existing projects and our Group is able to finance these projects based on its internal resources and without relying on the net proceeds from the Global Offering.

- approximately 20.0% of the net proceeds (or approximately HK$24.1 million) will be used for the purchase of facilities and equipment such as mobile cranes, excavators, concrete stationary pumps, roller compactors, power float machines, boom lifts and scissor lifts, for our business in order to increase our competitiveness, to cope with our future expansion plan to allow us to undertake larger scale and more complex projects. Assuming the Offer Price is fixed at the mid-point of the proposed Offer Price range stated in this prospectus, we expect our Group's capital expenditure for the years ending 31 October 2018 and 31 October 2019 to be S$3.4 million (or approximately HK$20.3 million) and S$7.4 million (or approximately HK$44.2 million) respectively. Our Group is of the view that the purchase of facilities and equipment will benefit our Group due to the following reasons:

  (i) our Group currently rents a substantial portion of the facilities and equipment used in its construction works. With the acquisition of the abovementioned facilities and equipment, our Group will be able to save substantially on the rental costs of such equipment, resulting in better cost control. For illustration purposes, the rental costs, taking into account the useful lives of the respective equipment, for mobile cranes and excavators rented by our Group during the Track Record Period amounted to approximately S$3.6 million and S$1.7 million respectively. Our Group intends to purchase the following number and type of equipment for the years ending 2018 and 2019:

Type of equipment	Quantity	Estimated total purchase cost[(1)]	Estimated total rental cost during the respective useful lives[(2)]	Estimated cost savings based on purchase[(3)]
		(S$'000)	*(S$'000)*	*(S$'000)*
Lifting, hoisting and excavating equipment	24	9,946	13,446	3,500
Other machines and equipment	12	930	2,550	1,620
Total		10,876	15,996	5,120

Notes:

(1) The estimated total purchase cost was computed based on quotations for the relevant equipment obtained from vendors.

(2) The estimated total rental cost was computed based on quotations obtained from leasing companies, taking into account the useful lives of the respective equipment.

(3) The estimated cost savings are calculated by subtracting the total purchase cost from the total equipment rental costs over their respective useful lives.

(ii) the useful lives of the facilities and equipment to be acquired range from three to 10 years. Accordingly our Group will be less dependent on the market for the supply of facilities and equipment. Our Group will also be less exposed to the potential fluctuations of rental costs of facilities and equipment in the market, therefore increasing the stability of our Group's supply of facilities and equipment; and

(iii) the acquisition of facilities and equipment is also expected to provide our Group with more flexibility as to the utilisation of equipment and allocation of resources across our Group's various projects;

- approximately 5.0% of the net proceeds (or approximately HK$6.0 million) will be used for talent recruitment and training, and expansion of our labour force. Our Group intends to expand and enhance our workforce to support the expansion of our business, both at the work sites (project supervisors and workers) and also our office and project staff to support our expanding operations. Subsequent to 31 October 2017, our Group has been awarded three new projects (all to HPC Builders). In view of the above, our Group estimates the amount of labour force required based on historical data retrieved from our recent projects with similar contract values, and other factors such as the complexity of each project, the commencement date of the respective projects and estimated duration for each project to be completed. The following table sets out a breakdown of the additional labour force that our Group intends to recruit by functions:

Function	Estimated number to be recruited
Project managers	3
Site managers	5
Safety officers	3
Site engineers	4
Foreman	6
Site clerk	3
Foreign workers	240

- approximately 10.0% of the net proceeds (or approximately HK$12.1 million) will be used for working capital requirements and other general corporate purposes.

In the event that the Offer Price is fixed at the highest end of the proposed Offer Price range, our Group will receive additional net proceeds from the Global Offering of approximately HK$14.9 million when compared to the net proceeds receivable by our Group with the Offer Price being determined at the mid-point of the Offer Price range, which will be used in the same proportions as set out above.

In the event that the Offer Price is fixed at the lowest end of the proposed Offer Price range, the net proceeds of the Global Offering will decrease by approximately HK$14.9 million when compared to the net proceeds receivable by our Group with the Offer Price being determined at the mid-point of the Offer Price range. Under such circumstances, our Group intends to reduce its allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of the new Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

If the Over-allotment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK$24.6 million, assuming an Offer Price of HK$0.44 per Share, being the mid-point of the Offer Price range. The additional net proceeds received from the exercise of the Over-allotment Option will be applied pro rata to the above mentioned purposes. If the Over-allotment Option is exercised at the higher or lower end of the Offer Price range, we will adjust our allocation of the net proceeds for the above mentioned purposes on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit them in short-term demand deposits and/or money market instruments.

HONG KONG UNDERWRITERS

Sole Bookrunner and Joint Lead Manager

Aristo Securities Limited

Joint Lead Manager

Pacific Foundation Securities Limited

Hong Kong Underwriters

Alpha Financial Group Limited
Frontpage Capital Limited
Ruibang Securities Limited
Vision Capital International Holdings Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst others, the International Underwriting Agreement becoming unconditional and not having been terminated.

Subject to the Listing Committee approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers to subscribe for the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering.

Grounds for termination

The Sole Bookrunner, at its sole and absolute discretion, may, for itself and on behalf of the Hong Kong Underwriters, upon the giving of notice in writing to the Company and/or our Controlling Shareholders, terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Bookrunner that:

(i) that any statement, contained in this prospectus and the Application Forms (collectively "**Hong Kong Public Offering Documents**") and/or in, any notices, announcements, advertisements, communications or any other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering and the International Placing (including any supplement or amendment thereto) considered by the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Hong Kong Public Offering Documents is not, in the sole and absolute opinion of the Sole Bookrunner, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iii) that any of the representations and warranties given by our Company or our Controlling Shareholders or the Executive Directors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) was or has become untrue, inaccurate or misleading or having been breached and which is considered by the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iv) any breach of any of the obligations or undertakings imposed upon any party (other than the Sole Bookrunner or any of the Underwriters) to any of the Underwriting Agreements which is considered by the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) to be material in the context of the Global Offering; or

(v) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vi) our Company withdraws any of the Hong Kong Public Offering Documents or the Global Offering; or

(vii) any matter, event, act or omission which gives or is likely to give rise to any material liability of our Company or our Controlling Shareholders or the Executive Directors pursuant to the indemnities contained in the Hong Kong Underwriting Agreement; or

(viii) any of the experts in relation to the Global Offering as set out under the paragraph headed "Statutory and General Information — Other Information — 9. Qualifications of Experts" and "Statutory and General Information — Other Information — 10. Consents of Experts" in Appendix V to this prospectus has withdrawn its respective consent to being named in this prospectus or to the issue of this prospectus with the inclusion of their reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which they respectively appears; or

(b) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock markets, money and foreign exchange markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the European Union (or any member thereof), Singapore or any other jurisdiction relevant to our Group (collectively, the "**Relevant Jurisdictions**", and each a "**Relevant Jurisdiction**"); or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation SARS, avian influenza A (H5N1) and swine influenza (H1N1)), in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) any moratorium, suspension or restriction or limitation in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange; or

(vi) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(vii) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(viii) any imposition of economic sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or

(ix) any material adverse change or development or event involving a prospective material adverse change in our Group's business, assets, liabilities, profit, losses, financial, trading performance, condition, position or prospects; or

(x) the commencement by any judicial or regulatory body or organisation of any public action against a Director or an announcement by any judicial or regulatory body or organisation that it intends to take any such action; or

(xi) other than with the approval or prior written consent of the Sole Bookrunner, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer for subscription and issue of the Shares) pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xii) an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xiii) a valid demand by any creditor for repayment or payment of any of our Company's indebtedness or those of any of its subsidiaries or in respect of which our Company or any of its subsidiaries are liable prior to its stated maturity, or any loss or damage sustained by our Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xiv) any material litigation or claim being threatened or instigated against any member of our Group or our Controlling Shareholders; or

(xv) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xvi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xvii) the chairman or chief executive officer of the Company vacating his office; or

(xviii) any government authority or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director in his capacity as such; or

(xix) a contravention by any member of the Group of the Listing Rules or applicable Laws; or

(xx) a prohibition on the Company for whatever reason from allotting or selling the Shares pursuant to the terms of the Global Offering; or

(xxi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer for subscription and issue of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws or regulation;

and which, individually or in the aggregate, in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters):

(1) has or will have or may have a material adverse effect on the assets, liabilities, business, affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing and/or make it impracticable or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or for the Global Offering to proceed or to market the Global Offering; or

(3) has or will have or may have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Under Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that our Company will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already issued) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except under the Global Offering (including the exercise of the Over-allotment Option) or the Capitalisation Issue for the circumstances provided under Rule 10.08(1) to 10.08(4) of the Listing Rules.

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor and the Sole Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering, the Over-allotment Option and options which may be granted under any share option scheme of any member of our Group or with the prior written consent of the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, our Company will not, at any time within the period commencing from the date of the Hong Kong Underwriting Agreement up to and including the date which is six months from the Listing Date (the "**First Six-month Period**"), (a) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any such share capital 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 such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) or (c) above is to be settled by delivery of Shares or other securities, in cash or otherwise.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers, our Company and the Hong Kong Underwriters that:

(i) during the First Six-month Period, it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the Hong Kong Underwriters) and unless pursuant to the Stock Borrowing Agreement or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (other than any pledge or charge of our Company's issued share capital after the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised institution as defined in the Hong Kong Banking Ordinance for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital 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 such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) agree, conditionally or unconditionally, to enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or (d) agree or contract to, or announce any intention to enter into, any transaction described in (a) or (b) or (c) above, whether any such transaction is to be settled by delivery of such capital or securities, in cash or otherwise;

(ii) during the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), it will not enter into any of the transactions specified in (i)(a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and

(iii) until the expiry of the Second Six-month Period, in the event that it enters into any such transactions specified in (i)(a), (b) or (c) above or agrees or contracts to, or publicly announces any intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers and the Hong Kong Underwriters that, from the date of the Hong Kong Underwriting Agreement up to and including the expiry of the Second Six-month Period, it will:

(i) when it pledges or charges any securities or interests in the securities of our Company, immediately inform our Company and the Sole Bookrunner in writing of such pledge or charge together with the number of securities and nature of interest so pledged or charged; and

(ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Bookrunner in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by any of our Controlling Shareholders and disclose such matters by way of a press announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Sole Bookrunner, our Company and the Stock Exchange that it will not, and shall procure that any other registered holder (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirements of the Listing Rules:

(a) during the First Six-month Period, dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules); or

(b) during the Second Six-month Period, dispose of, nor enter into any agreement to dispose or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares beneficially owned by any of them to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to each of the Stock Exchange, our Company, the Sole Sponsor, the Sole Bookrunner and the Hong Kong Underwriters that within the period commencing from the date by reference to which disclosure of its shareholding in our Company is made in this prospectus up to and including the date which is 12 months from the Listing Date, it will:

(i) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares beneficially owned by it will be sold, transferred or disposed of, immediately inform our Company in writing of such indications.

Hong Kong Underwriters' interests in our Company

Save as disclosed in this prospectus and save for their interests and obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for, or to nominate persons to subscribe for, any shares in any member of our Group.

The International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree to subscribe for the International Placing Shares being offered pursuant to the International Placing or procure subscribers to subscribe for such International Placing Shares.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Bookrunner on behalf of the International Underwriters on or before the date which is the 30th day from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to issue up to and not more than 60,000,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Placing.

Commission

The Sole Bookrunner (for itself and on behalf of the Underwriters) will receive (i) a commission of 4.5% of the aggregate Offer Price of all the Offer Shares (including Shares to be issued pursuant to the Over-Allotment Option); and (ii) an additional incentive fee (payable at the sole discretion of our Company) of 2.5% of the aggregate Offer Price of all the Offer Shares (including Shares to be issued pursuant to the Over-Allotment Option), out of which they will pay any sub-underwriting commission. In addition, the Sole Sponsor will receive a sponsorship and documentation fee in relation to the Global Offering. The underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK$0.44 (being the mid-point of Offer Price range between HK$0.40 per Offer Share and HK$0.48 per Offer Share), are estimated to amount to approximately HK$55.5 million in total (assuming that the Over-allotment Option is not being exercised).

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Placing (the "**Syndicate Members**") and their affiliates are diversified financial institutions with relationships in and outside Hong Kong. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilising period described in the paragraph headed "Structure of the Global Offering — Stabilisation" in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Sole Bookrunner or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

The Global Offering comprises:

- the Hong Kong Public Offering of 40,000,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below under the paragraph headed "Hong Kong Public Offering"; and

- the International Placing of 360,000,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below).

The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will severally underwrite the International Placing Shares pursuant to the terms of the International Underwriting Agreement. Further details of the underwriting are set out in the section headed "Underwriting" in this prospectus.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Placing, but may not do both.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International 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 Hong Kong Public Offering.

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on Thursday, 3 May 2018 and, in any event, no later than Friday, 4 May 2018.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$0.48 per Offer Share and is expected to be not less than HK$0.40 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, no later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

If, for any reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to enter into the Price Determination Agreement by the Price Determination Date, the Global Offering will not become unconditional and will not proceed.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where it considers appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus, at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hpc.sg** notices of reduction in the number of Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. The notice of reduction will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction.

In the event of a reduction in the number of Offer Shares, the Sole Bookrunner (for itself and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Bookrunner (for itself and on behalf of the Underwriters) on the basis as described in the paragraph headed "Reallocation and clawback" in this section.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price Range is so reduced, all applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

In the absence of any notice being published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hpc.sg** of a reduction 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 Hong Kong Public Offering, the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will not be set outside the Offer Price range as stated in this prospectus.

Announcement of the Offer Price, together with indication of the level of interests in the International Placing and the results of application under the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares is expected to be published on Thursday, 10 May 2018 on the website of our Company **www.hpc.sg** and the website of the Hong Kong Stock Exchange **www.hkexnews.hk**.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Controlling Shareholders and the Sole Bookrunner, for themselves and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

The Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$0.48 per Offer Share and is expected to be not less than HK$0.40 per Offer Share, unless otherwise announced no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as set out above. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be lower than the indicative Offer Price as stated in this prospectus.

Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK$0.48 per Offer Share and 1.0000% brokerage, 0.0050% Stock Exchange trading fee and 0.0027% SFC transaction levy. That means a total of HK$2,424.18 is payable for every board lot of 5,000 Shares. The Application Forms have tables showing the exact amount payable for certain numbers of Hong Kong Offer Shares. If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK$0.48 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 money) will be made to applicants, without interest. Further details are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon:

1. **Listing**

   The Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in the Shares.

2. **Underwriting Agreements**

   (i) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional, and not being terminated in accordance with the terms thereof; and

   (ii) the execution and delivery of the International Underwriting Agreement prior to or on the Price Determination Date.

3. **Price determination**

   The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Global Offering will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the paragraph headed "Refund of your monies" in the relevant Application Forms.

In the meantime, the application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) in Hong Kong, licensed under the Hong Kong Banking Ordinance.

HONG KONG PUBLIC OFFERING

Our Company is initially offering 40,000,000 Hong Kong Offer Shares for subscription (subject to re-allocation) by members of the public in Hong Kong under the Hong Kong Public Offering, representing 10% of the total number of Offer Shares offered under the Global Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price is agreed on or before Price Determination Date. Applicants for the Hong Kong Offer Shares are required on application to pay the maximum Offer Price of HK$0.48 per Share plus a 1.0000% brokerage, a 0.0050% Stock Exchange trading fee and 0.0027% SFC transaction levy.

APPLICATIONS

The Hong Kong Public Offering is open to all members of the public in Hong Kong. An applicant for Shares under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the International Placing nor otherwise participated in the International Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

ALLOCATION

For allocation purposes only, the number of the Hong Kong Offer Shares will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 20,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares in the value of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Hong Kong Offer Shares available in pool B will consist of 20,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares in the value of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) and up to the value of 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 under-subscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100% of the Hong Kong Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. When there is over-subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

REALLOCATION AND CLAWBACK

The allocation of the Offer Shares between the International Placing and the Hong Kong Public Offering is subject to reallocation on the following basis:

(a) Where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Bookrunner has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Bookrunner deems appropriate;

(ii) if the Hong Kong Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 40,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 80,000,000 Offer Shares, representing approximately 20% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iii) if the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offering will be increased to 120,000,000 Shares, representing 30% of the Offer Shares initially available for subscription under the Global Offering (before any exercise of the Over-allotment Option);

(iv) if the number of Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the number of Shares available for subscription under the Hong Kong Public Offering will be increased to 160,000,000 Shares, representing 40% of the Offer Shares initially available for subscription under the Global Offering (before any exercise of the Over-allotment Option); and

(v) if the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the number of Shares available for subscription under the Hong Kong

Public Offering will be increased to 200,000,000 Shares, representing 50% of the Offer Shares initially available for subscription under the Global Offering (before any exercise of the Over-allotment Option).

(b) Where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 40,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 80,000,000 Offer Shares, representing approximately 20% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing in the circumstances where: (x) the International Placing Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times as per paragraph (a)(ii) above, or (y) the International Placing Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as per paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price Range (i.e. HK$0.40 per Offer Share) stated in this prospectus.

In the event of a reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the additional Shares reallocated to the Hong Kong Public Offering from the International Placing will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

If the Hong Kong Public Offering is not fully subscribed, the Sole Bookrunner has the authority to reallocate all or any of the unsubscribed Hong Kong Offer Shares originally included in the Hong Kong Public Offering to the International Placing in such proportions as it deems appropriate.

INTERNATIONAL PLACING

Our Company is expected to offer initially 360,000,000 International Placing Shares (subject to re-allocation and the Over-allotment Option) at the Offer Price under the International Placing. The number of International Placing Shares expected to be initially available for application under the International Placing represents 90% of the total number of

Offer Shares being initially offered under the Global Offering. The International Placing is expected to be fully underwritten by the International Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Investors subscribing for the International Placing Shares are also required to pay the maximum Offer Price of HK$0.48 per Share plus a 1.0000% brokerage, a 0.0050% Stock Exchange trading fee and a 0.0027% SFC transaction levy of the Offer Price.

It is expected that the International Underwriters, or selling agents nominated by them, on behalf of our Company, will conditionally place the International Placing Shares at the Offer Price with selected professional, institutional and private 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. Private investors applying through banks or other institutions who sought the International Placing Shares in the International Placing may also be allocated the International Placing Shares.

Allocation of the International Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom International Placing Shares are offered will be required to undertake not to apply for Shares under the Hong Kong Public Offering.

Our Company, our Directors, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who receive Shares under the International Placing, and to identify and reject indications of interest in the International Placing from investors who receive Shares under the Hong Kong Public Offering.

The International Placing is expected to be subject to the conditions as stated in the paragraph headed "Conditions of the Global Offering" of this section.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant to the Sole Bookrunner (for itself and on behalf of the International Underwriters) the Over-allotment Option which will expire on a date which is 30 days from the date of the last day of lodging application under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required by the Sole Bookrunner (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 60,000,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Placing. The Sole Bookrunner (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Tower Point or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 60,000,000 new Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. In Hong Kong, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager or its affiliates or any person acting for it, for itself and on behalf of the Underwriters, may over-allocate Shares or effect transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. The number of Shares that may be over-allocated will be up to, but not more than, an aggregate of 60,000,000 additional Shares, being the number of the Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating International Placing Shares and covering such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through stock borrowing arrangement with Tower Point or through a combination of these means or otherwise. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilisation action. Such stabilisation action, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and required to be brought to an end within 30 days after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Stabilising action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Subject to and under the Securities and Futures (Price Stabilising) Rules of the SFO, the Stabilising Manager (for itself and on behalf of the Underwriters) may take all or any of the following actions ("**primary stabilising action**") with respect to any Shares during the stabilisation period, which should end on Saturday, 2 June 2018:

(1) purchase, or agree to purchase, any of the Shares;

(2) offer or attempt to do anything as described in paragraph (1), for the sole purpose of preventing or minimising any reduction in the market price of the Shares. The Stabilising Manager (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

(a) or the purpose of preventing or minimising any reduction in the market price of the Shares;

(i) allocate a greater number of Shares than the number that is initially offered under the Global Offering; or

(ii) sell or agree to sell Shares so as to establish a short position in them;

(b) pursuant to an option or other right to purchase or subscribe for Shares, purchase or subscribe for or agree to purchase or subscribe for Shares in order to close out any position established under paragraph (a);

(c) sell or agree to sell any Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or

(d) offer or attempt to do anything as described in paragraphs (a)(ii), (b) or (c).

Investors should be aware:

- that the Stabilising Manager (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in the Shares;
- that there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by the Stabilising Manager;
- that stabilising action cannot be taken to support the price of the Shares for longer than the stabilising period which begins on the Listing Date and ends on the earlier of the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering or the commencement of trading of the Shares on the Stock Exchange, that the stabilising period is expected to expire on Saturday, 2 June 2018, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price could fall; and
- that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Bookrunner, or any person acting for it may cover such over-allocation by, among other methods, using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangement mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO.

STOCK BORROWING ARRANGEMENT

In connection with the Global Offering, the Sole Bookrunner may over-allocate up to and not more than an aggregate of 60,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, the Sole Bookrunner may borrow up to 60,000,000 Shares from Tower Point, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. **Such stock borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the following requirements as set out in Rule 10.07(3) of the Listing Rules are complied with:**

- the stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from Tower Point will be limited to the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed will be returned to Tower Point or its nominees (as the case may be) within three Business Days following the earlier of (i) the last day for exercising the Over-allotment Option; and (ii) the date on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements; and

- no payments will be made to Tower Point in relation to such stock borrowing arrangement.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 11 May 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 11 May 2018. The shares will be traded in board lots of 5,000 Shares each and the stock code of the Shares will be 1742.

1. HOW TO APPLY

If you apply for the Hong Kong Offer Shares, then you may not apply for or indicate an interest for the International Placing Shares.

To apply for the Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** 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 Sole Sponsor, the Sole Bookrunner, 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 Hong Kong 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.

If an application is made by a person under a power of attorney, the Sole Bookrunner 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 the **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/ or any its subsidiaries;
- a Director or chief executive officer of our Company and/ or any of its subsidiaries;
- an associate and/or close associate of any of the above;
- a connected person and/or core connected person of our Company or will become a connected person and/or core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 27 April 2018 until 12:00 noon on Thursday, 3 May 2018 from:

(i) the following offices of the Hong Kong Underwriters:

Aristo Securities Limited	Room 101, 1st Floor On Hong Commercial Building 145 Hennessy Road Wanchai, Hong Kong
Pacific Foundation Securities Limited	11/F New World Tower II 16-18 Queen's Road Central Hong Kong

Alpha Financial Group Limited	Room A, 17/F, Fortune House 61 Connaught Road Central Central, Hong Kong
Frontpage Capital Limited	26/F, Siu On Centre 188 Lockhart Road Wanchai, Hong Kong
Ruibang Securities Limited	9/F Sang Woo Building 227-228 Gloucester Road Wanchai, Hong Kong
Vision Capital International Holdings Limited	Suite 2622 Tower 1 Admiralty Centre 18 Harcourt Road Admiralty, Hong Kong

(ii) any of the designated branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch	Address
Hong Kong	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai
	Central District (Wing On House) Branch	71 Des Voeux Road Central
Kowloon	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin
	Prince Edward Branch	774 Nathan Road, Kowloon
The New Territories ...	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 27 April 2018 until 12:00 noon on Thursday, 3 May 2018 from the Depository Counter of HKSCC at 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 "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — HPC HOLDINGS PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving bank listed above, at the following times:

Friday, 27 April 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, 28 April 2018 — 9:00 a.m. to 1:00 p.m.
Monday, 30 April 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 2 May 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, 3 May 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 3 May 2018, the last application day or such later time as described in the paragraph "Effect of Bad Weather on the Opening of the Applications 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**, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (or their respective 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 Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by our Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and our Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering 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 International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Bookrunner, 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 Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(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 Hong Kong 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 Hong Kong 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 Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "14. Despatch/Collection of Share certificates and refund monies" in this section 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 and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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 "Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 27 April 2018 until 11:30 a.m. on Thursday, 3 May 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 3 May 2018 or such later time under the "Effects of Bad Weather on the Opening of the Applications 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 Hong Kong 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 application 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 Hong Kong Companies (Winding Up and 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 Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies Winding Up and Miscellaneous Provisions Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong 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 copy of this 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 Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Bookrunner and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong 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 Hong Kong Offer Shares applied for or any lesser number of such Shares 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 International 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 an agent;

- confirm that you understand that our Company, our Directors and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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 Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, 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 a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance 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 Hong Kong Public Offering 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 giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and our Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong 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 the brokerage, the 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 5,000 Hong Kong Offer Shares. Instructions for more than 5,000 Hong Kong 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 Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 27 April 2018	—	9:00 a.m. to 8:30 p.m.[1]
Saturday, 28 April 2018	—	8:00 a.m. to 1:00 p.m.[1]
Monday, 30 April 2018	—	8:00 a.m. to 8:30 p.m.[1]
Wednesday, 2 May 2018	—	8:00 a.m. to 8:30 p.m.[1]
Thursday, 3 May 2018	—	8:00 a.m.[1] to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 27 April 2018 until 12:00 noon on Thursday, 3 May 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 3 May 2018, the last application day or such later time as described in the paragraph headed "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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section in the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Bookrunner, 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers 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 Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 3 May 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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**, 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
- 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 HONG KONG 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 5,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Hong Kong 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 will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

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 signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 3 May 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 3 May 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 10 May 2018, on our Company's website at **www.hpc.sg** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/ passport/ Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering 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.hpc.sg** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 10 May 2018;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 10 May 2018 to 12:00 midnight on Wednesday, 16 May 2018;

- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 10 May 2018 to Tuesday, 15 May 2018 on a business day;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 10 May 2018 to Monday, 14 May 2018 at all the designated receiving bank 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 Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and 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 procedures to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise our discretion to reject your application:

Our Company, the Sole Bookrunner, 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 Hong Kong Offer Shares is void:

The allotment of Hong Kong 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

- 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) Hong Kong Offer Shares and International 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, the Sole Bookrunner or the Sole Sponsor believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

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$0.48 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" 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 Thursday, 10 May 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong 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 Hong Kong 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 or around Thursday, 10 May 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong 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 Branch Share Registrar, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/ or share certificate(s) personally within the time specified for collection, they will be 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 Hong Kong Offer Shares, your refund cheque(s) and/ or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 10 May 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, 10 May 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 10 May 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **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 Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 May 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong 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 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 May 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) and/or refund cheque 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 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 10 May 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 10 May 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on

Thursday, 10 May 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 May 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong 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 Hong Kong 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 Thursday, 10 May 2018. Immediately following the credit of the Hong Kong 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 Hong Kong 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 Thursday, 10 May 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HPC HOLDINGS LIMITED AND BOCOM INTERNATIONAL (ASIA) LIMITED

Introduction

We report on the historical financial information of HPC Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-73, which comprises the consolidated balance sheets as at 31 October 2015, 2016 and 2017, the Company's balance sheets as at 31 October 2016 and 2017, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 April 2018 (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.

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 presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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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 accountant's 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 accountant considers 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 presentation and preparation set out in Notes 1.3 and 2.1 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, 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 accountant's report, a true and fair view of the financial position of the Company as at 31 October 2016 and 2017 and the consolidated financial position of the Group as at 31 October 2015, 2016 and 2017 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 28 to the Historical Financial Information which states dividends that have been paid by HPC Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
27 April 2018

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this Accountant's Report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers LLP, Singapore in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 October		
	Note	**2015**	**2016**	**2017**
		S$'000	*S$'000*	*S$'000*
Revenue	6	214,160	191,327	201,075
Cost of sales	8	(188,108)	(159,565)	(161,277)
Gross profit		26,052	31,762	39,798
Other income	6	524	699	1,140
Other gains/(losses), net	7	66	41	(40)
Administrative expenses	8	(6,048)	(3,293)	(7,390)
Operating profit		20,594	29,209	33,508
Finance income	10	162	500	220
Finance costs	10	(7)	(7)	(7)
Finance income, net		155	493	213
Profit before income tax		20,749	29,702	33,721
Income tax expenses	11	(3,229)	(4,723)	(6,397)
Profit and total comprehensive income attributable to owners of the Company		17,520	24,979	27,324
Earnings per share for profit attributable to owners of the Company				
- Basic and diluted earnings per share (expressed in S$ per share)	12	17.5	25.0	27.3
Dividends	28	10,450	24,000	20,000

Note: The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on 19 April 2018 (Note 34) because the proposed capitalisation issue has not become effective as at year end.

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 October 2015	2016	2017
		S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,354	1,888	4,663
Retention receivables	15	12,509	8,778	10,123
Prepayments	15	—	5,653	—
Investment property	16	—	—	2,675
Intangible assets	17	—	4,408	2,204
		13,863	20,727	19,665
Current assets				
Trade and retention receivables	15	47,728	38,017	51,121
Other receivables, deposits and prepayments	15	1,029	2,332	977
Amounts due from customers for contract works	18	38,905	23,642	24,211
Cash and cash equivalents	19	63,872	41,426	27,792
		151,534	105,417	104,101
Total assets		165,397	126,144	123,766
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	25	—	2	2
Share premium	25	—	45,721	45,721
Capital reserves	26	15,000	(26,972)	(26,972)
Retained profits		35,409	36,388	43,712
Total equity		50,409	55,139	62,463
LIABILITIES				
Non-current liabilities				
Finance lease liabilities	20	127	67	74
Retention payables	21	6,036	2,116	2,902
Deferred income tax liabilities	23	—	775	400
		6,163	2,958	3,376
Current liabilities				
Trade and retention payables	21	49,083	25,637	31,617
Other payables and accruals	21	2,719	4,144	3,791
Amounts due to customers for contract works	18	49,992	28,255	15,372
Finance lease liabilities	20	59	53	62
Provision	24	—	200	—
Current income tax payables		6,972	9,758	7,085
		108,825	68,047	57,927
Total liabilities		114,988	71,005	61,303
Total equity and liabilities		165,397	126,144	123,766

BALANCE SHEETS OF THE COMPANY

	Note	As at 31 October 2016	As at 31 October 2017
		S$'000	*S$'000*
ASSETS			
Non-current asset			
Investments in subsidiaries	22	37,223	37,223
Current assets			
Other receivables	15	8,000	8,098
Cash and cash equivalents	19	500	599
		8,500	8,697
Total assets		45,723	45,920
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	2	2
Share premium	25	45,721	45,721
Accumulated losses	27	(50)	(106)
Total equity		45,673	45,617
Liabilities			
Other payables and accruals	21	50	303
Total liabilities		50	303
Total equity and liabilities		45,723	45,920

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserves	Retained profits	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 1 November 2014	—	—	15,000	28,339	43,339
Comprehensive income					
Profit for the year	—	—	—	17,520	17,520
Total comprehensive income	—	—	—	17,520	17,520
Transactions with owners					
Dividends (Note 28)	—	—	—	(10,450)	(10,450)
Total transactions with owners, recognised directly in equity	—	—	—	(10,450)	(10,450)
Balance at 31 October 2015	—	—	15,000	35,409	50,409
Balance at 1 November 2015	—	—	15,000	35,409	50,409
Comprehensive income					
Profit for the year	—	—	—	24,979	24,979
Total comprehensive income	—	—	—	24,979	24,979
Transactions with owners					
Issuance of shares (Note 25)	2	45,721	—	—	45,723
Dividends (Note 28)	—	—	—	(24,000)	(24,000)
Capital contribution by a shareholder (Note 31)	—	—	3,751	—	3,751
Effects of Reorganisation (Note 1.2(iii))	—	—	(45,723)	—	(45,723)
Total transactions with owners, recognised directly in equity	2	45,721	(41,972)	(24,000)	(20,249)
Balance at 31 October 2016	2	45,721	(26,972)	36,388	55,139

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserves	Retained profits	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 1 November 2016	2	45,721	(26,972)	36,388	55,139
Comprehensive income					
Profit for the year	—	—	—	27,324	27,324
Total comprehensive income	—	—	—	27,324	27,324
Transactions with owners					
Dividends (Note 28)	—	—	—	(20,000)	(20,000)
Total transactions with owners, recognised directly in equity	—	—	—	(20,000)	(20,000)
Balance at 31 October 2017	2	45,721	(26,972)	43,712	62,463

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 October 2015	2016	2017
		S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit before income tax		20,749	29,702	33,721
Adjustments for:				
- Depreciation of property, plant and equipment and investment property	13, 16	566	538	838
- Amortisation of intangible assets	17	—	—	2,204
- Loss/(gain) on disposal of property, plant and equipment	7	104	(46)	10
- Interest expenses	10	7	7	7
- Interest income	10	(162)	(500)	(220)
- Write off of trade and other receivables	15	2,843	—	—
		24,107	29,701	36,560
Changes in working capital:				
- Amounts due from/to customers on contract works		26,698	(11,796)	(13,452)
- Trade and retention receivables		(21,968)	32,025	(14,449)
- Other receivables, deposits and prepayments		492	(268)	1,190
- Trade and retention payables		13,721	(34,348)	6,766
- Other payables and accruals		(479)	(1,774)	(553)
Cash generated from operations		42,571	13,540	16,062
Interest received		162	500	220
Income tax paid		(1,328)	(4,718)	(9,445)
Net cash generated from operating activities		41,405	9,322	6,837

	Note	Year ended 31 October 2015	2016	2017
		S$'000	S$'000	S$'000
Cash flows from investing activities				
Purchases of plant and equipment	13	(703)	(507)	(431)
Prepayments for acquisition of properties	15	—	(5,653)	—
Proceeds from disposal of plant and equipment		295	46	87
Acquisition of a subsidiary, net of cash acquired	31	—	(1,581)	—
Loans to non-related parties		1,300	—	—
Net cash generated from/(used in) investing activities		892	(7,695)	(344)
Cash flows from financing activities				
Dividends paid	28	(10,450)	(24,000)	(20,000)
(Increase)/decrease in bank deposits pledged	19	(31)	—	171
Repayment of finance lease liabilities		(189)	(73)	(127)
Net cash used in financing activities		(10,670)	(24,073)	(19,956)
Net increase/(decrease) in cash and cash equivalents		31,627	(22,446)	(13,463)
Cash and cash equivalents at beginning of the year	19	32,074	63,701	41,255
Cash and cash equivalents at end of the year	19	63,701	41,255	27,792

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information of the Group

HPC Holdings Limited ("the Company") was incorporated in the Cayman Islands on 13 October 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the subsidiaries now comprising the Group are principally engaged in civil engineering and general building construction including major upgrading works in Singapore (the "Listing Business").

The Historical Financial Information is presented in thousands of Singapore dollars ("S$'000") unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by HPC Builders Pte. Ltd. ("HPC Builders"). HPC Builders was controlled by Mr. Wang Yingde ("Mr. Wang") and Mr. Shi Jianhua ("Mr. Shi") (collectively, the "Controlling Shareholders") throughout the Track Record Period.

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

(i) On 13 October 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 (S$76,000), divided into 38,000,000 shares of HK$0.01 (S$0.002) each. On the same date, one subscriber's share was transferred to Tower Point Global Limited ("Tower Point"), a British Virgin Islands ("BVI") company wholly-owned by Mr. Wang.

(ii) On 13 October 2016, HPC Investments Limited ("HPC Investments") and DHC Investments Limited ("DHC Investments") were incorporated in BVI with authorised share capital of US$50,000 (S$69,000) divided into 50,000 shares of US$1 (S$1.38) each. On 17 October 2016, the Company subscribed for one share of US$1 (S$1.38) in HPC Investments and DHC Investments, respectively.

(iii) On 27 October 2016, Mr. Wang and Mr. Shi transferred 8,250,000 shares and 6,750,000 shares of HPC Builders, respectively to HPC Investments for a consideration of S$45,723,000. This consideration is settled through HPC Investments directing the Company to allot and issue 549,999 shares and 450,000 shares of the Company to Tower Point and Creative Value Investments Limited, a BVI company wholly-owned by Mr. Shi. HPC Investments then owned 100% of HPC Builders and Mr. Wang and Mr. Shi owned 55% and 45% of the Company, respectively.

After completion of the reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Particulars of share capital	Effective interest held as at 31 October 2015	2016	2017	As at the date of this report
					%	%	%	%
Directly owned:								
HPC Investments Limited (Note i)	Investment holding	British Virgin Islands	13 October 2016	US$1	—	100%	100%	100%
DHC Investments Limited (Note i)	Investment holding	British Virgin Islands	13 October 2016	US$1	—	100%	100%	100%
Indirectly owned:								
HPC Builders Pte. Ltd. (Note ii)	General Contractors	Singapore	18 November 2004	S$15,000,000	100%	100%	100%	100%
DHC Construction Pte. Ltd. (Note ii)............	General Contractors	Singapore	18 January 2013	S$1,000,000	—	100%	100%	100%

Note:

(i) No audited financial statements for these subsidiaries were issued as there was no statutory requirement.

(ii) The statutory financial statements of these subsidiaries for the year ended 31 October 2015 were audited by CK Assurance, Public Accountants and Chartered Accountants. The statutory financial statements of these subsidiaries for the years ended 31 October 2016 and 2017 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted by HPC Builders. The Company has not been involved in any business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the consolidated financial information of the subsidiaries now comprising the Group is presented using the carrying values of the Listing Business for all periods presented.

The consolidated balance sheets of the Group as at 31 October 2015, 2016 and 2017, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 October 2015, 2016 and 2017 have been prepared as if the Company had been the holding company of the Group throughout the Track Record Period.

The financial information of the companies comprising the Group has been included in the financial information from their respective dates of incorporation, except for the acquisition of DHC Construction during the year ended 31 October 2016 which is included in the Historical Financial Information of the Group from the date of acquisition.

Intercompany transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising the Group are eliminated upon combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The following new standards and amendments to standards have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

		Effective for annual periods beginning on or after
IAS 7 (amendment)	Statement of cash flows: Disclosure initiative	1 January 2017
IAS 12 (amendment)	Recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 40 (amendment)	Transfers of investment property	1 January 2018

		Effective for annual periods beginning on or after
IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 Insurance contracts	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 15 (amendment)	Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
Annual improvements	2014-2016 cycle	1 January 2017

IFRS 9 ''Financial instruments'' replaces the whole of IAS 39.

IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (''OCI'') and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the Track Record Period, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

IFRS 15 ''Revenue from Contracts with Customers'' — This new standard replaces the previous revenue standards: IAS 18 ''Revenue'' and IAS 11 ''Construction Contracts'', and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an ''earnings processes'' to an ''asset liability'' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The major revenue stream for the Group is construction services, the performance obligations of this revenue is currently recognised in accordance with Note 2.18. Management has performed a preliminary assessment. After assessment, the Group will use input method in measuring the percentage of completion when applying IFRS 15. When applying input method, the Group would consider if there is any adjustment required for uninstalled materials, to ensure that the input method meets the objective of measuring progress towards complete satisfaction of a performance obligation. With reference to the past practice, the directors of the Company expect that the Group will not hold significant amount of uninstalled materials based on the existing operating model. Thus, the financial impact of the uninstalled materials in the application of IFRS 15 will be considered as insignificant. It is expected that the application of input method and the implementation of IFRS 15 as a whole would not result in any significant impact on the Group's financial position and result of operations. Meanwhile, there will be additional disclosure requirement under IFRS 15 upon its adoption. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

IFRS 16 ''Leases'' — The Group is a lessee of its office buildings which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.19. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheets. Instead, all long-term leases must be recognised in the balance sheets in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the annual period beginning on 1 November 2019, and the initial application of the standard is not expected to have a significant impact on the Group's financial position and results of operations.

Other than those analysed above, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

2.2 Subsidiaries

2.2.1 *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss, except in the case of an acquisition from non-controlling shareholder, where the difference is recognised in equity as capital contribution by a shareholder.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.2 ***Investment in subsidiaries***

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.3 Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors (the "Executive Directors") that makes strategic decisions.

2.5 Foreign currency translation

(a) ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in S$, which is the Company's functional currency.

(b) ***Transactions and balances***

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the closing rates at the balance sheet date are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and bank balances are presented in the consolidated statements of comprehensive income within "finance costs". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other gains/(losses), net".

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their depreciable amounts over their estimated useful lives, as follows:

	Useful lives
Computers	3 years
Furniture & fittings	3 years
Motor vehicles	6 to 10 years
Plant and equipment	3 to 5 years
Leasehold improvements	3 years
Building on freehold land	20 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses), net" in the consolidated statements of comprehensive income.

2.7 Intangible assets

Customer contracts

Customer contracts arising from acquisition of subsidiary are recognised at fair value on acquisition date and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the contractual period of 2 years.

2.8 Impairment of non-financial assets

Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Investment property

Investment property comprises an industrial property that is held for long-term rental yield and/or for capital appreciation. Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 30 years. The residual value, useful life and depreciation method of the investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effect of any revision is included in profit or loss when the changes arise.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.10 Loans and receivables

Bank balances
Trade and retention receivables
Other receivables and deposits

Loans and receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Employee compensation

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. No forfeited contribution is available to reduce the contribution payable in future years.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) ***Revenue from construction contracts***

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from customers for contract works. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to customers for contract works.

Progress billings not yet paid by customers and retentions by customers are included within "trade and retention receivables". Advances received are included within "trade and retention payables".

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Service income***

Revenue from maintenance services is recognised when the services are rendered.

(d) ***Rental income***

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.19 Leases

(a) ***When the Group is the lessee***

The Group leases motor vehicles under finance leases and office buildings, warehouse and equipment under operating leases from non-related parties.

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) ***When the Group is the lessor***

The Group leases its investment property under an operating lease to a non-related party.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.20 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which dividends are approved by the Company's shareholders or directors, where appropriate.

2.21 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a finance department headed by the Executive Directors of the Group (the "Finance Department"). The Finance Department identifies and evaluates financial risks in close co-operation within the Group to cope with overall risk management, as well as specific areas, such as cash flow and fair value interest rate risk, foreign currency risk, credit risk and liquidity risk.

(a) ***Market risk***

(i) *Foreign currency risk*

Most of the income and expenditures of the Group are denominated in S$ being the functional currency of the subsidiaries now comprising the Group, and hence, the Group does not have any material foreign exchange exposure, except for cash and cash equivalents. Please refer to Note 19 for the foreign currency exposure.

(ii) *Cash flow and fair value interest rate risk*

Other than the cash at banks and the finance lease liabilities, the Group has no significant interest-bearing assets or liabilities. The Group's cash at banks carry at low interest rates which the interest income is not significant and finance lease liabilities are subject to fixed interest rate. The Group's profit and operating cash flows are substantially independent of changes in market interest rates.

(b) ***Credit risk***

The credit risk of the Group mainly arises from trade, retention and other receivables and deposits, amounts due from customers for contract works and bank balances.

Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group trades with all third parties but will only provide credit terms upon approval of the management. The receivable balances are monitored on an ongoing basis by the management. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group is exposed to concentration of credit risk as at 31 October 2015, 2016 and 2017 on trade and retention receivables from the Group's top five debtors amounting to approximately S$49,438,000, S$32,541,000 and S$48,495,000, respectively, and accounted for 82%, 70% and 79% of the total trade and retention receivables balance, respectively. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

For the amounts due from related parties, the Group has policies in place to monitor the credit exposure of the related parties. The Group will assess the financial capabilities of the related parties including its repayment histories, and its abilities to obtain financial support when necessary. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Management is of the opinion that the risk of default by the related parties is low.

(c) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of collections and payments timing. The Group's objective is to maintain sufficient reserves of cash from business.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Total
	S$'000	*S$'000*	*S$'000*
31 October 2015			
Trade and retention payables, other payables and accruals	51,802	6,036	57,838
Finance lease liabilities	66	141	207
	51,868	6,177	58,045
31 October 2016			
Trade and retention payables, other payables and accruals	29,781	2,116	31,897
Finance lease liabilities	58	83	141
	29,839	2,199	32,038
31 October 2017			
Trade and retention payables, other payables and accruals	35,408	2,902	38,310
Finance lease liabilities	70	84	154
	35,478	2,986	38,464

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group did not raise any external borrowings and is not subject to any externally imposed capital requirements.

3.3 Fair values estimation

The carrying amounts of the current portion of the Group's financial assets and liabilities including trade and retention receivables, other receivables and deposits, cash and cash equivalents, trade and retention payables, other payables and accruals, and finance lease liabilities approximate their fair values due to their short maturities. The carrying amounts of non-current trade and retention receivables and trade and retention payables as disclosed in Note 15 and Note 21 respectively approximate their fair values.

Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Loans and receivables	164,043	113,924	114,224
Financial liabilities at amortised cost	58,024	32,017	38,446

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENT

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts as at 31 October 2015, 2016 and 2017 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been higher/lower by S$8,457,000, S$7,759,000 and S$5,483,000 respectively.

If the budgeted contract costs of uncompleted contracts as at 31 October 2015, 2016 and 2017 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been lower/higher by S$7,402,000, S$6,446,000 and S$4,845,000 respectively.

Allowance for doubtful receivables

The policy for allowances for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

5 SEGMENT INFORMATION

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Executive Directors of the Group. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance. The Exco considers the business from business segment perspective. The Exco has identified two main reportable segments namely general building construction and civil engineering. General building construction relates mainly to the design and build projects of warehouses and other industrial or commercial buildings. Civil engineering related mainly to the construction of Mass Rapid Transit stations and expressways. Others related to maintenance services.

Segment performance is evaluated based on reportable segment results, which is a measure of gross profit.

The segment information provided to the Exco for the reportable segments are as follows:

	General building construction	Civil engineering	Others	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
31 October 2015				
Total segment sales	208,490	5,211	459	214,160
Gross profit	25,081	904	67	26,052
Depreciation	330	—	—	330
Segment assets	97,455	2,030	—	99,485
Segment assets include:				
Additions in:				
- property, plant and equipment	266	—	—	266
Segment liabilities	104,137	974	—	105,111
31 October 2016				
Total segment sales	186,636	4,691	—	191,327
Gross profit	31,514	248	—	31,762
Depreciation	280	—	—	280
Segment assets	73,937	1,500	—	75,437
Segment assets include:				
Additions in:				
- property, plant and equipment	529	—	—	529
- intangible assets	3,797	611	—	4,408
Segment liabilities	55,972	236	—	56,208
31 October 2017				
Total segment sales	193,841	7,234	—	201,075
Gross profit	37,300	2,498	—	39,798
Depreciation	434	—	—	434
Amortisation of intangible assets	1,899	305	—	2,204
Segment assets	85,510	2,348	—	87,858
Segment assets include:				
Additions in:				
- property, plant and equipment	41	—	—	41
Segment liabilities	49,866	25	—	49,891

Reconciliations

(i) ***Segment profits***

A reconciliation of gross profit to profit before income tax is as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Gross profit for reportable segments and others	26,052	31,762	39,798
Other income	524	699	1,140
Other gains/(losses), net	66	41	(40)
Administrative expenses	(6,048)	(3,293)	(7,390)
Finance income	162	500	220
Finance costs	(7)	(7)	(7)
Profit before income tax	20,749	29,702	33,721

(ii) ***Segment assets***

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the Historical Financial Information. Segment assets exclude unallocated head office assets as these assets are managed on a group basis.

Segment assets are reconciled to total assets as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Segment assets for reportable segments	99,485	75,437	87,858
Unallocated:			
Property, plant and equipment	1,011	1,296	4,464
Investment property	—	—	2,675
Other receivables, deposits and prepayments	1,029	7,985	977
Cash and cash equivalents	63,872	41,426	27,792
	165,397	126,144	123,766

(iii) ***Segment liabilities***

The amounts reported to the Exco with respect to total liabilities are measured in a manner consistent with that of the Historical Financial Information. Segment liabilities exclude unallocated head office liabilities as these liabilities are managed on a group basis.

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Segment liabilities for reportable segments	105,111	56,208	49,891
Unallocated:			
Finance lease liabilities	186	120	136
Other payables and accruals	2,719	4,144	3,791
Deferred income tax liabilities	—	775	400
Current income tax payables	6,972	9,758	7,085
	114,988	71,005	61,303

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis is presented.

Revenues derived from external customers which amount to 10 per cent or more of the Group's revenues are as follows:

	Year ended 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Customer A	90,634	76,155	20,865
Customer B	50,112	—	—
Customer C	24,823	—	—
Customer D	—	77,676	48,938
Customer E	—	—	29,399
Customer F	—	—	31,306
Customer G	—	—	21,586

These revenues are attributable to the general building construction segment.

6 REVENUE AND OTHER INCOME

The Group's revenue and other income recognised during the years ended 31 October 2015, 2016 and 2017 are as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Revenue:			
Construction contract revenue	213,701	191,327	201,075
Services income	459	—	—
	214,160	191,327	201,075

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Other income:			
Government grants	125	206	297
Sales of scrap materials	311	447	647
Rental income	—	—	129
Others	88	46	67
	524	699	1,140

7 OTHER GAINS/(LOSSES), NET

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Foreign exchange gain/(loss), net	170	(5)	(30)
(Loss)/gain on disposal of plant and equipment	(104)	46	(10)
	66	41	(40)

8 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Materials, sub-contractors and other construction costs	183,023	155,969	138,383
Services costs	392	40	—
Liquidated damages *	—	—	510
Auditors' remuneration			
- Audit services	24	24	59
- Non-audit services	9	—	—
Depreciation			
- Property, plant and equipment (Note 13)	566	538	762
- Investment property (Note 16)	—	—	76
Amortisation of intangible assets (Note 17)	—	—	2,204
Employee compensation (Note 9)	6,862	5,290	23,157
Operating lease rentals	69	78	113
Entertainment and transportation	105	137	242
Professional fees	10	86	155
Listing expenses	—	480	2,791
Write off/(back) of trade and other receivables	2,843	(150)	(271)
Others	253	366	486
Total cost of sales and administrative expenses	194,156	162,858	168,667

* Liquidated damages relate to one-off compensation for a construction contract due to delay in the progress for construction works.

The write off/(back) of trade and other receivables was recognised as administrative expenses in profit or loss.

9 EMPLOYEE COMPENSATION

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Wages and salaries (including directors' emoluments)	6,394	4,905	22,313
Defined contribution plans	468	385	844
	6,862	5,290	23,157

Five highest paid individuals

For the years ended 31 October 2015, 2016 and 2017, the five individuals whose emoluments were the highest in the Group include 1, 2 and 2 directors, respectively, whose emoluments are reflected in the analysis in Note 33. The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2015, 2016 and 2017 are as follows:

	Year ended 31 October		
	2015	2016	2017
	S\$'000	*S\$'000*	*S\$'000*
Wages and salaries	546	584	636
Defined contribution plans	35	45	42
	581	629	678

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals		
	Year ended 31 October		
	2015	2016	2017
Emolument band			
Nil to HK$1,000,000 (S$179,333)	4	2	1
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	—	1	2

10 FINANCE INCOME AND COSTS

	Year ended 31 October		
	2015	2016	2017
	S\$'000	*S\$'000*	*S\$'000*
Interest income:			
- Bank interest income	162	500	220
Finance income	162	500	220
Interest expenses:			
- Finance lease liabilities	(7)	(7)	(7)
Finance costs	(7)	(7)	(7)
Finance income, net	155	493	213

11 INCOME TAX EXPENSES

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Tax expense attributable to profit before income tax is made up of:			
- Profit for the financial year			
Current income tax	3,229	4,723	6,516
Deferred income tax (Note 23)	—	—	(375)
	3,229	4,723	6,141
- Under provision in prior year			
Current income tax	—	—	256
	3,229	4,723	6,397

The income tax expense differs from the amount that would arise using the Singapore standard rate of income tax of 17% as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Profit before income tax	20,749	29,702	33,721
Tax calculated at a tax rate of 17% (2015: 17%; 2016: 17%)	3,527	5,049	5,733
Effects of:			
Expenses not deductible for tax purposes	134	136	624
Tax incentives	(330)	(330)	(40)
Statutory stepped income exemption	(26)	(26)	(52)
Utilisation of capital allowances	(56)	(86)	(104)
Under provision in prior year	—	—	256
Tax rebate	(20)	(20)	(20)
	3,229	4,723	6,397

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The fully diluted earnings per share for the Track Record Period are the same as the basic earnings per share as there are no dilutive potential ordinary share during the Track Record Period. In determining the weighted average number of shares in issue during the Track Record Period, 1,000,000 shares were deemed to have been in issued on 1 November 2014 as if the Company has been incorporated by then.

	Year ended 31 October		
	2015	2016	2017
Profit attributable to the owners of the Company (S$'000)	17,520	24,979	27,324
Weighted average number of ordinary shares in issue (in thousands)	1,000	1,000	1,000
Basic and diluted earnings per share (S$) (Note)	17.5	25.0	27.3

Note: The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on 19 April 2018 (Note 34) because the proposed capitalisation issue has not become effective as at year end.

13 PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture & fittings	Motor vehicles	Plant & equipment	Leasehold improvement	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 1 November 2014						
Cost	354	82	1,581	813	20	2,850
Accumulated depreciation	(262)	(64)	(587)	(393)	(19)	(1,325)
Net book amount	92	18	994	420	1	1,525
Balance at 31 October 2015						
Opening net book amount	92	18	994	420	1	1,525
Additions	7	3	513	266	5	794
Disposal						
- *cost*	—	—	(429)	(38)	—	(467)
- *accumulated depreciation*	—	—	43	25	—	68
Depreciation	(72)	(10)	(151)	(330)	(3)	(566)
Closing net book amount	27	11	970	343	3	1,354

	Computers	Furniture & fittings	Motor vehicles	Plant & equipment	Leasehold improvement	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 31 October 2015						
Cost	361	85	1,665	1,041	25	3,177
Accumulated depreciation	(334)	(74)	(695)	(698)	(22)	(1,823)
Net book amount	27	11	970	343	3	1,354
Balance at 31 October 2016						
Opening net book amount	27	11	970	343	3	1,354
Additions	134	21	274	78	—	507
Disposal						
- *cost*	—	(184)	(154)	—	—	(338)
- *accumulated depreciation*	—	184	154	—	—	338
Arising from acquisition of a subsidiary (Note 31)	43	—	71	451	—	565
Depreciation	(69)	(13)	(175)	(280)	(1)	(538)
Closing net book amount	135	19	1,140	592	2	1,888
Balance at 31 October 2016						
Cost	538	106	2,010	1,570	25	4,249
Accumulated depreciation	(403)	(87)	(870)	(978)	(23)	(2,361)
Net book amount	135	19	1,140	592	2	1,888

	Computers	Furniture & fittings	Motor vehicles	Plant & equipment	Leasehold improvement	Building on freehold land	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 31 October 2017							
Opening net book amount	135	19	1,140	592	2	—	1,888
Transfers	—	—	—	—	—	3,067	3,067
Additions	87	38	401	41	—	—	567
Disposal							
- *cost*	—	—	(240)	—	—	—	(240)
- *accumulated depreciation*	—	—	143	—	—	—	143
Depreciation	(79)	(11)	(236)	(434)	(2)	—	(762)
Closing net book amount	143	46	1,208	199	—	3,067	4,663
Balance at 31 October 2017							
Cost	625	144	2,171	1,611	25	3,067	7,643
Accumulated depreciation	(482)	(98)	(963)	(1,412)	(25)	—	(2,980)
Net Book amount	143	46	1,208	199	—	3,067	4,663

Included within additions are motor vehicles acquired under finance leases amounting to S$91,000, Nil and S$136,000 as at 31 October 2015, 2016 and 2017. The carrying amounts of the motor vehicles held under finance leases were S$824,000, S$710,000 and S$646,000 as at 31 October 2015, 2016 and 2017.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables
	S$'000
31 October 2015	
Assets as per consolidated balance sheets	
Trade and retention receivables, other receivables and deposits excluding prepayments	61,266
Amounts due from customers for contract works	38,905
Cash and cash equivalents	63,872
Total	164,043

	Financial liabilities at amortised cost
	S$'000
31 October 2015	
Liabilities as per consolidated balance sheets	
Trade and retention payables, other payables and accruals	57,838
Finance lease liabilities	186
Total	58,024

	Loans and receivables
	S$'000
31 October 2016	
Assets as per consolidated balance sheets	
Trade and retention receivables, other receivables and deposits excluding prepayments	48,856
Amounts due from customers for contract works	23,642
Cash and cash equivalents	41,426
Total	113,924

	Financial liabilities at amortised cost
	S$'000
31 October 2016	
Liabilities as per consolidated balance sheets	
Trade and retention payables, other payables and accruals	31,897
Finance lease liabilities	120
Total	32,017

	Loans and receivables
	S$'000
Assets as per consolidated balance sheets	
Trade and retention receivables, other receivables and deposits excluding prepayments	62,221
Amounts due from customers for contract works	24,211
Cash and cash equivalents	27,792
Total	114,224

	Financial liabilities at amortised cost
	S$'000
31 October 2017	
Liabilities as per consolidated balance sheets	
Trade and retention payables, other payables and accruals	38,310
Finance lease liabilities	136
Total	38,446

15 TRADE AND RETENTION RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Group			
Current portion			
Trade receivables (Note (a))			
- Related parties	3,653	491	409
- Non-related parties	38,148	24,196	37,172
	41,801	24,687	37,581
Retention receivables (Note (b))			
- Related parties	952	776	—
- Non-related parties	4,975	12,554	13,540
	5,927	13,330	13,540
	47,728	38,017	51,121
Other receivables, deposits and prepayments:			
Prepayments	—	271	—
Deposits	520	1,361	572
Other receivables			
- Related parties	—	—	45
- Non-related parties	509	700	360
	1,029	2,332	977
Non-current portion			
Retention receivables (Note (b))			
- Related parties	775	—	—
- Non-related parties	11,734	8,778	10,123
Prepayments for acquisition of properties	—	5,653	—
	12,509	14,431	10,123
Company			
Current portion			
Loan to a subsidiary	—	8,000	8,000
Other receivables from subsidiaries	—	—	98
	—	8,000	8,098

Loan to a subsidiary recognised in the Company's balance sheet represents a shareholder loan provided by the Company to DHC Investments. The loan is unsecured, interest free, repayable on demand and denominated in Singapore Dollars.

The carrying amounts of the trade and retention receivables, other receivables, deposits and prepayments are denominated in Singapore Dollars.

The carrying amounts of current trade and retention receivables, other receivables, deposits and prepayments approximate their fair values. The fair values of non-current retention receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values of non-current retention receivables and the market borrowing rates used are as follows:

	As at 31 October		
	2015	2016	2017
Borrowing rates	5.35%	5.35%	5.29%
Retention receivables (S$'000)	11,603	8,120	9,098

(a) Trade receivables

The Group's credit terms to trade debtors other than retention receivables are generally 35 days. The aging analysis of the trade receivables, based on invoice date, is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Less than 3 months	38,204	19,092	24,545
3 to 6 months	347	3,812	8,268
6 months to 1 year	988	970	984
More than 1 year	2,262	813	3,784
	41,801	24,687	37,581

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable, except for write-offs amounted to S$2,843,000 for a related party in 2015. The Group did not hold any collateral over these balances.

As at 31 October 2015, 2016 and 2017, trade receivables of approximately S$16,964,000, S$15,564,000 and S$26,951,000 were past due but not impaired. The aging analysis of trade receivables past due but not impaired is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Overdue:			
Less than 3 months	13,424	10,934	20,351
3 to 6 months	401	2,895	1,836
6 months to 1 year	1,776	922	1,411
More than 1 year	1,363	813	3,353
	16,964	15,564	26,951

In 2015, the Group made write-offs of trade and other receivables amounted to S$2,843,000 for a related party. The Group expected no recoveries from this related party as the related party has suffered losses in its operations.

(b) Retention receivables

Retention receivables were not yet past due as at 31 October 2015, 2016 and 2017 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

16 INVESTMENT PROPERTY

	As at 31 October
	2017
	S$'000
Beginning of financial year	—
Transfers	2,751
Depreciation (Note 8)	(76)
End of financial year	2,675

At the balance sheet date, the details of the Group's investment property are as follows:

Location	Description/existing use	Tenure
#01-08, Loyang Enterprise Building Singapore	Industrial unit	30 years

The following amounts are recognised in the statement of comprehensive income:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Rental income	—	—	129

As at 31 October 2017, the fair value of the investment property was S$2,600,000 based on valuation using the sales comparison approach carried out by independent professional valuers, A* Valuer Property Consultants Pte Ltd, after taking into consideration of recent sale of comparable properties, prevailing market conditions and other factors considered to be appropriate by the directors of the Company. The most significant input in this valuation approach is the selling price per square meter.

This fair value is within Level 3 of the fair value hierarchy.

Commitments

Operating lease commitment — where the Group is a lessor

The investment property is leased to a non-related party under non-cancellable operating lease.

The future minimum lease receivables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Within 1 year	—	—	148
Within 2 to 5 years	—	—	76
	—	—	224

17 INTANGIBLE ASSETS

Intangible assets represented customer related open construction contracts as a result of the acquisition of DHC Construction Pte. Ltd. with details as described in Note 31.

Movement in intangible assets is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Beginning of financial year	—	—	4,408
Acquisition of a subsidiary (Note 31)	—	4,408	—
Amortisation (Note 8)	—	—	(2,204)
End of financial year	—	4,408	2,204

18 AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Contract costs incurred plus recognised profits less recognised losses	697,819	866,373	1,043,000
Less: progress billings	(708,906)	(870,986)	(1,034,161)
Balance at end of year	(11,087)	(4,613)	8,839
Analysed for reporting purposes as:			
Amounts due from customers for contract works	38,905	23,642	24,211
Amounts due to customers for contract works	(49,992)	(28,255)	(15,372)
	(11,087)	(4,613)	8,839

19 CASH AND CASH EQUIVALENTS

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Group			
Cash at banks	28,435	24,881	20,339
Short-term bank deposits	35,437	16,545	7,453
	63,872	41,426	27,792

The carrying amounts of cash and cash equivalents denominated in United States Dollars amounted to S$1,136,000 (2016: S$1,610,000, 2015: S$1,415,000) and the remaining balances are denominated in Singapore Dollars.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Cash and bank balances	63,872	41,426	27,792
Less: Bank deposits pledged	(171)	(171)	—
Cash and cash equivalents per consolidated statement of cash flows	63,701	41,255	27,792

Bank deposits are pledged in relation to the security granted for letter of credit facility.

Company

The carrying amounts of cash and cash equivalents denominated in Hong Kong Dollars and United States Dollars amounted to S$179,000 and S$12,000 respectively as at 31 October 2017 (2016: Nil). The remaining balances are denominated in Singapore Dollars.

In 2016, cash and cash equivalents is cash in transit and denominated in Singapore Dollars.

20 FINANCE LEASE LIABILITIES

The Group leases motor vehicles from non-related parties under finance leases.

	Minimum lease payments		
	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Within one year	66	58	70
Between one and five years	141	83	84
	207	141	154
Less: future finance charges	(21)	(21)	(18)
Present value of finance lease liabilities	186	120	136

The present value of finance leases are analysed as follows:

	Present value of minimum lease payments		
	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Within one year	59	53	62
Between one and five years	127	67	74
	186	120	136

21 TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Group			
Current portion			
Trade payables (Note (a))			
- Related parties	13,832	1,251	—
- Non-related parties	23,228	11,131	14,847
	37,060	12,382	14,847
Retention payables (Note (b))			
- Related parties	1,515	727	—
- Non-related parties	1,138	4,099	4,599
	2,653	4,826	4,599
Accrued construction costs	9,370	8,429	12,171
	49,083	25,637	31,617
Other payables and accruals (Note (c))	2,719	4,144	3,791
Non-current portion			
Retention payables (Note (b))			
- Related parties	1,988	378	—
- Non-related parties	4,048	1,738	2,902
	6,036	2,116	2,902
Company			
Current portion			
Other payables and accruals (Note (c))	—	50	303

The carrying amounts of current trade, retention and other payables approximate their fair values. The fair values of non-current retention payables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values of non-current retention payables and the market borrowing rates used are as follows:

	As at 31 October		
	2015	2016	2017
Borrowing rates	5.35%	5.35%	5.29%
Retention payables (S$'000)	5,713	2,000	2,603

(a) Trade payables

As at 31 October 2015, 2016 and 2017, the aging analysis of the trade payables, based on invoice date, is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Less than 3 months	34,801	10,615	11,587
3 to 6 months	46	390	140
6 months to 1 year	181	102	1,826
More than 1 year	2,032	1,275	1,294
	37,060	12,382	14,847

The average credit period granted by the subcontractors and suppliers approximate 35 days.

(b) Retention payables

Retention payables were not yet past due as at 31 October 2015, 2016 and 2017 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

(c) Other payables and accruals

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Group			
Deposits	451	441	360
Accrued expenses	642	1,526	1,336
Goods and services tax payables	1,283	996	1,246
Other payables	343	1,181	849
	2,719	4,144	3,791
Company			
Accrued expenses	—	50	303

22 INVESTMENTS IN SUBSIDIARIES

	Company	
	31 October 2016	31 October 2017
	S$'000	*S$'000*
Equity investments at cost	—*	—*
Loan to a subsidiary	37,223	37,223
	37,223	37,223

* represent 100% interests in HPC Investments and DHC Investments (as defined in Note 1.2). Amount is less than S$1,000.

The loan to a subsidiary, HPC Investments, represent the purchase consideration for acquisition of HPC Builders, which the Company settled on behalf of the subsidiary. This amount is unsecured, interest-free with no fixed repayment terms. Settlement of this amount is neither planned nor likely to occur in the foreseeable future. As a result, this amount is considered part of the Company's net investment in the subsidiary.

23 DEFERRED INCOME TAX LIABILITIES

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Beginning of financial year	—	—	775
Acquisition of a subsidiary (Note 31)	—	775	—
Credited to income statement (Note 11)	—	—	(375)
End of financial year	—	775	400

The deferred income tax liabilities were recognised on the intangible assets as a result of the acquisition of DHC Construction (Note 31).

24 PROVISION

The provision for legal claims was made in 2016 in respect of a pending lawsuit involving fatal incident at construction site, which was settled in 2017.

Movement in provision for legal claims is as follows:

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Beginning of financial year	—	—	200
Acquisition of a subsidiary (Note 31)	—	200	—
Provision utilised	—	—	(200)
End of financial year	—	200	—

25 SHARE CAPITAL AND SHARE PREMIUM

The Group and the Company

The Company was incorporated on 13 October 2016 in the Cayman Islands with an authorised share capital of 38,000,000 ordinary shares of HK$0.01 (S$0.002) each.

	Number of shares issued and fully paid	Share capital	Share premium
	'000	*S$'000*	*S$'000*
31 October 2015			
Beginning and end of financial year	—	—	—
31 October 2016			
Beginning of financial year	—	—	—
Issue of shares at date of incorporation of the Company (Note 1.2(i))	—*	—*	—
Issue of shares pursuant to the Reorganisation (Note 1.2(iii))	1,000	2	45,721
End of financial year as at 31 October 2016	1,000	2	45,721
31 October 2017			
Beginning and end of financial year	1,000	2	45,721

* Less than 1,000 shares and S$1,000

26 CAPITAL RESERVES

Reserves of the Group prior to completion of the Reorganisation (Note 1.2), represents the share capital of HPC Builders. Reserves of the Group on completion of the Reorganisation represents the difference between the cost of investment of HPC Builders, capital contribution from shareholder and the share capital of HPC Builders.

	As at 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Beginning of financial year	15,000	15,000	(26,972)
Capital contribution by a shareholder (Note 31)	—	3,751	—
Effects of Reorganisation (Note 1.2(iii))	—	(45,723)	—
	15,000	(26,972)	(26,972)

27 ACCUMULATED LOSSES OF THE COMPANY

Movement in accumulated losses for the Company is as follows:

	As at 31 October 2016	As at 31 October 2017
	S$'000	S$'000
As at date of incorporation and beginning of financial year	—	(50)
Total comprehensive losses	(50)	(56)
End of financial year	(50)	(106)

28 DIVIDENDS

	As at 31 October		
	2015	2016	2017
	S$'000	S$'000	S$'000
Interim dividend	10,450	24,000	20,000

The subsidiaries now comprising the Group declared and paid dividends of S$10,450,000 and S$24,000,000 to their then shareholders respectively for the years ended 31 October 2015 and 2016.

Dividends of S$20,000,000 (S$20 per share) were declared and paid to equity holders of the Company for the year ended 31 October 2017.

The rates for dividend and the member of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

29 JOINT OPERATION

The Group has 50% interest in a joint arrangement, HPC-JBS JV. The Group classified the joint arrangement as joint operation and recognises profit or loss resulting from the activities of the arrangement jointly, its share of assets held jointly and liabilities incurred jointly.

The details of the joint operation as at 31 October 2015, 2016 and 2017 are as follows:

Name	Place of business	Principal activities	Participating shares		
			As at 31 October		
			2015	2016	2017
			%	%	%
HPC — JBS JV	Singapore	Civil engineering construction	50	50	—

The joint operation has been dissolved on 1 July 2017.

30 CONTINGENT LIABILITIES

Contingent liabilities of which the probability of settlement is not remote at the balance sheet date, are as follows:

The Group was involved in a few litigation cases related to workplace injuries and disputes with suppliers. As at 31 October 2015, 2016 and 2017, the Group did not expect material contingent liabilities arising from the litigations, other than the provision recognised in Note 24. Further to the resolution of this litigation case, the provision has been utilised during 2017.

The Group provided a performance guarantee to a related party in relation to a construction contract as at 31 October 2015 and 2016.

31 BUSINESS COMBINATION

On 27 October 2016, the Group acquired 100% of the share capital of DHC Construction Pte Ltd ("DHC Construction") for S$8,000,000. The principal activity of DHC Construction is that of general contractors. As a result of the acquisition, the Group is expected to increase its presence in this market. It also expects to reduce costs through economies of scale.

The difference in the purchase consideration and the fair value of the identifiable net assets of DHC Construction acquired of S$3,751,000 is recognised directly in equity as a capital contribution by a shareholder, as this is an acquisition from a shareholder.

The following table summarises the consideration paid, the assets acquired, liabilities assumed and effect of cash flow of the Group at the acquisition date.

	S$'000
Purchase consideration:	
Cash paid/consideration transferred for the business	8,000
Effect on cash flows of the Group	
Cash paid (as above)	8,000
Less: Cash and cash equivalents in subsidiary acquired	(6,419)
Cash outflow on acquisition	1,581

	At fair value
	S$'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	6,419
Property, plant and equipment (Note 13)	565
Trade and other receivables (Note (a) below)	19,618
Amounts due from customers for contract works	1,842
Customers' contract (included in intangible assets— Note 17 and Note (b) below)	4,408
Total assets	32,852
Trade and other payables	10,181
Amounts due to customers for contract works	7,164
Provision (Note 24 and Note (c) below)	200
Current tax liabilities	2,781
Deferred income tax liabilities (Note 23)	775
Total liabilities	21,101
Total identifiable net assets	11,751
Capital contribution by a shareholder (Note 26)	(3,751)
Consideration transferred for the business	8,000

(a) Acquired receivables

The carrying amount of trade and other receivables is S$19,618,000, which approximate their fair values. The gross contractual amount for trade and other receivables due is equivalent to the fair value as all trade and other receivables are expected to be collectible.

(b) Intangible assets

The fair value of the acquired identifiable intangible assets of S$4,408,000 (customer related open construction contracts) were valued by using multi-period excess earnings method.

(c) Provision

A provision of legal claim at a fair value of S$200,000 (Note 24) has been recognised for a pending lawsuit involving fatal incident at construction site in February 2015 in which the entity is a defendant. On 13 December 2016, the case was concluded by the State Courts of Singapore.

(d) Revenue and profit contribution

The acquired business did not contribute revenue and net profit to the Group from the period from 27 October 2016 to 31 October 2016.

Had DHC Construction been consolidated from 1 November 2015, consolidated revenue and consolidated profit for the year ended 31 October 2016 would have been $216,710,000 and $32,291,000 respectively.

32 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of the related party
BHD Construction Pte. Ltd. [2]
DHC Construction Pte. Ltd. [1]
King Hong Construction & Development Pte. Ltd. [2](formerly known as Huang Pu Construction Pte. Ltd.)
Jiestar Engineering Pte. Ltd. [2]
Olivine Capital Pte. Ltd.
Onestar Construction Pte. Ltd. [2]
Shanghai Construction (Group) General Co Singapore Branch

All of the above related parties have common key management with the Group, who are also the shareholders and directors of the Company.

1 As at 27 October 2016, DHC Construction Pte. Ltd has been acquired by one of the subsidiary of the Group. As at 31 October 2016, DHC Construction Pte. Ltd is part of the Group and is no longer a related party.

2 Subsequent to the disposals of the interests in BHD Construction Pte. Ltd., King Hong Construction & Development Pte. Ltd., JieStar Engineering Pte. Ltd and Onestar Construction Pte. Ltd. held by the key management of the Group in November and December 2016, these companies are no longer related parties of the Group.

(b) Transactions

Save as disclosed elsewhere in the Historical Financial Information, during the Track Record Period, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Year ended 31 October		
	2015	2016	2017
	S$'000	*S$'000*	*S$'000*
Construction income			
- Shanghai Construction (Group) General Co Singapore Branch	3,885	395	335
Services rendered			
-Shanghai Construction (Group) General Co Singapore Branch	505	—	—
Other income			
- Onestar Construction Pte. Ltd.	—	10	—
Recovery of receivables previously written off			
- Olivine Capital Pte. Ltd.	—	150	271
Construction costs			
- BHD Construction Pte. Ltd.	4,088	4,024	—
- DHC Construction Pte. Ltd.	43,830	43,536	—
- King Hong Construction & Development Pte. Ltd. (formerly known as Huang Pu Construction Pte. Ltd.)	1,777	131	114
- Jiestar Engineering Pte. Ltd.	3,316	3,746	74
- Onestar Construction Pte. Ltd.	3,495	3,093	2
- Shanghai Construction (Group) General Co Singapore Branch	1,942	1,174	221
Operating expenses charges			
- Shanghai Construction (Group) General Co Singapore Branch	52	43	64
Write-off of receivables			
- Olivine Capital Pte. Ltd.	2,843	—	—
Expenses paid on behalf			
- DHC Construction Pte. Ltd.	17,234	13,965	—
- Onestar Construction Pte. Ltd.	1,079	519	—
- Olivine Capital Pte. Ltd.	7	—	—

(c) Key management compensation

Key management includes the directors, the chief executive and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the year ended 31 October		
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Salaries, allowances and benefits in kind	270	363	584
Defined contribution plans	16	30	42

(d) Balances

Outstanding balances as at 31 October 2015 and 2016 and 2017, arising from sale/purchase of goods and services, are unsecured and receivables/payables within 12 months from balance sheet date and are disclosed in Note 15 and Note 21 respectively.

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 October 2015 and 2016 and 2017 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiaries undertaking			
	Salary	**Discretionary bonuses**	**Employer's contribution to a defined contribution plan**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*
31 October 2015				
Executive Director				
Mr. Wang Yingde	18	50	3	71
Mr. Shi Jianhua	152	50	13	215
	170	100	16	286

	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiaries undertaking			
	Salary	Discretionary bonuses	Employer's contribution to a defined contribution plan	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
31 October 2016				
Executive Director				
Mr. Wang Yingde	102	50	13	165
Mr. Shi Jianhua	161	50	17	228
	263	100	30	393
31 October 2017				
Executive Director				
Mr. Wang Yingde	242	50	21	313
Mr. Shi Jianhua	242	50	21	313
	484	100	42	626

Mr. Zhu Dong, Mr. Leong Wai Yip Victor, Ms. Diana Ng and Mr. Ong Toon Lian were appointed as the Company's independent non-executive directors on 19 April 2018. During the Track Record Period, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of independent non-executive directors.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, corporate bodies controlled by and connected entities with such directors

There are no loans, quasi-loans and other dealing in favour of directors, corporate bodies controlled by and connected entities with such directors during the years ended 31 October 2015 and 2016 and 2017.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 October 2015, 2016 and 2017, except as disclosed in Note 32.

34 SUBSEQUENT EVENTS

On 3 April 2018 and 17 April 2018, the directors of the Company declared to its shareholders interim dividends in relation to the year ended 31 October 2017 of S$13,850,000 and S$10,000,000 respectively, which has been approved and fully paid in April 2018.

Pursuant to the written resolutions passed by the shareholders on 19 April 2018, subject to the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the Global Offering, the directors of the Company were authorised to allot and issue a total of 1,199,000,000 shares credited as fully paid at par value to the holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the listing date (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of HK$11,990,000 (equivalent to approximately S$2,009,000) standing to the credit of the share premium account of the Company.

35 ADDITIONAL FINANCIAL INFORMATION OF DHC CONSTRUCTION PTE. LTD. ("DHC CONSTRUCTION") FOR THE PRE-ACQUISITION PERIOD

DHC Construction was acquired by the Group on 27 October 2016. Prior to 19 September 2016, the financial year end of DHC Construction was 31 December. On 19 September 2016, DHC Construction has changed its financial year end date from 31 December to 31 October. The following is the financial information of DHC Construction for the year ended 31 October 2015 and period ended 26 October 2016.

(1) STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 October 2015	Period ended 26 October 2016
		S$'000	*S$'000*
Revenue	i	43,853	70,604
Cost of sales	ii	(35,667)	(53,203)
Gross profit		8,186	17,401
Other income	i	68	503
Administrative expenses	ii	(789)	(625)
Operating profit		7,465	17,279
Finance income	iv	11	31
Profit before income tax		7,476	17,310
Income tax expenses	v	(814)	(2,710)
Profit and total comprehensive income for the year attributable to owners of DHC Construction		6,662	14,600

(2) BALANCE SHEET

	Note	As at 31 October 2015	As at 26 October 2016
		S$'000	S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	vi	521	416
Trade and retention receivables	vii	792	2,115
		1,313	2,531
Current assets			
Trade and retention receivables	vii	9,781	16,468
Other receivables, deposits and prepayments	vii	772	1,035
Amounts due from customers for contract works	viii	3,806	1,842
Cash and cash equivalents	ix	7,684	6,419
		22,043	25,764
Total assets		23,356	28,295
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of DHC Construction			
Share capital	x	1,000	1,000
Retained profits		12,569	7,169
Total equity		13,569	8,169
LIABILITIES			
Non-current liabilities			
Trade and retention payables	xi	54	201
		54	201
Current liabilities			
Trade and retention payables	xi	3,839	6,781
Other payables and accruals	xi	1,518	3,199
Amounts due to customers for contract works	viii	3,482	7,164
Current income tax payables		894	2,781
		9,733	19,925
Total liabilities		9,787	20,126
Total equity and liabilities		23,356	28,295

(3) STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits	Total equity
	S$'000	*S$'000*	*S$'000*
Balance at 1 November 2014	300	9,907	10,207
Comprehensive income			
Profit for the year	—	6,662	6,662
Total comprehensive income	—	6,662	6,662
Transactions with owners			
Issuance of shares (Note x)	700	—	700
Dividends (Note xii)	—	(4,000)	(4,000)
Total transactions with owners	700	(4,000)	(3,300)
Balance at 31 October 2015	1,000	12,569	13,569
Balance at 1 November 2015	1,000	12,569	13,569
Comprehensive income			
Profit for the year	—	14,600	14,600
Total comprehensive income	—	14,600	14,600
Transactions with owners			
Dividends (Note xii)	—	(20,000)	(20,000)
Total transactions with owners	—	(20,000)	(20,000)
Balance at 26 October 2016	1,000	7,169	8,169

(4) STATEMENTS OF CASH FLOWS

	Note	Year ended 31 October 2015	Period ended 26 October 2016
		S$'000	*S$'000*
Cash flows from operating activities			
Profit before income tax		7,476	17,310
Adjustments for:			
- Depreciation of property, plant and equipment	vi	317	355
		7,793	17,665
Change in working capital			
- Amounts due from/to customers on contract works		7,186	5,646
- Trade and retention receivables		(6,790)	(8,010)
- Other receivables, deposits and prepayments		(44)	(263)
- Trade and retention payables		(2,189)	3,089
- Other payables and accruals		934	1,681
Cash generated from operations		6,890	19,808
Income tax paid		(465)	(823)
Net cash generated from operating activities		6,425	18,985
Cash flows from investing activity			
Purchases of plant and equipment	vi	(698)	(250)
Net cash used in investing activity		(698)	(250)
Cash flows from financing activities			
Proceed from issuance of shares		700	—
Dividends paid	xii	(4,000)	(20,000)
Net cash used in financing activities		(3,300)	(20,000)
Net increase/(decrease) in cash and cash equivalents		2,427	(1,265)
Cash and cash equivalents at beginning of the year		5,257	7,684
Cash and cash equivalents at end of the year		7,684	6,419

(i) ***REVENUE AND OTHER INCOME***

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	*S$'000*
Construction contract revenue	43,853	70,604
Other income:		
Government grants	55	209
Sales of scrap materials	13	259
Others	—	35
	68	503

(ii) ***EXPENSES BY NATURE***

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	*S$'000*
Materials, sub-contractors and other construction costs	19,472	28,956
Auditors' remuneration		
- Audit services	7	10
- Non-audit services	2	2
Depreciation (Note vi)	317	355
Employee compensation (Note iii)	16,538	24,419
Operating lease rentals	17	19
Entertainment expenses	37	4
Transportation expenses	5	10
Others	61	53
Total cost of sales and administrative expenses	36,456	53,828

(iii) ***EMPLOYEE COMPENSATION***

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	*S$'000*
Wages and salaries (including directors' emoluments)	16,356	24,263
Defined contribution plans	182	156
	16,538	24,419

(iv) ***FINANCE INCOME***

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	*S$'000*
Bank interest income	11	31

(v) ***INCOME TAX EXPENSES***

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	*S$'000*
Tax expense attributable to profit before income tax is made up of:		
- Current income tax	844	2,710
- Over provision in prior financial years	(30)	—
	814	2,710

The income tax expense differs from the amount that would arise using the Singapore standard rate of income tax of 17% as follows:

	Year ended 31 October 2015	Period ended 26 October 2016
	S$'000	S$'000
Profit before income tax	7,476	17,310
Tax calculated at a tax rate of 17% (2015: 17%; 2016: 17%)	1,271	2,943
Effects of:		
Expenses not deductible for tax purposes	54	61
Tax incentives	(376)	(237)
Statutory stepped income exemption	(34)	(27)
Utilisation of capital allowances	(51)	(10)
Over provision of current tax in prior financial years	(30)	—
Tax rebate	(20)	(20)
	814	2,710

(vi) ***PROPERTY, PLANT AND EQUIPMENT***

	Computers	Furniture and fittings	Plant and equipment	Renovation	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 November 2014					
Cost	50	21	169	14	254
Accumulated depreciation	(31)	(14)	(59)	(10)	(114)
Net book amount	19	7	110	4	140
Balance at 31 October 2015					
Opening net book amount	19	7	110	4	140
Additions	1	—	697	—	698
Depreciation	(17)	(7)	(289)	(4)	(317)
Closing net book amount	3	—	518	—	521

	Computers	Furniture and fittings	Motor vehicles	Plant and equipment	Renovation	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 31 October 2015/ 1 November 2015						
Cost	51	21	—	866	14	952
Accumulated depreciation	(48)	(21)	—	(348)	(14)	(431)
Net book amount	3	—	—	518	—	521
Balance at 26 October 2016						
Opening net book amount	3	—	—	518	—	521
Additions	62	—	84	104	—	250
Depreciation	(22)	—	(13)	(320)	—	(355)
Closing net book amount	43	—	71	302	—	416
Balance at 26 October 2016						
Cost	113	21	84	970	14	1,202
Accumulated depreciation	(70)	(21)	(13)	(668)	(14)	(786)
Net book amount	43	—	71	302	—	416

(vii) ***TRADE AND RETENTION RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS***

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Current portion		
Trade receivables (Note (a))		
- Related parties	8,903	6,756
- Non-related parties	17	7,135
	8,920	13,891
Retention receivables (Note (b))		
- Related parties	370	1,614
- Non-related parties	491	963
	861	2,577
	9,781	16,468
Other receivables, deposits and prepayments:		
Prepayments	—	2
Deposits	702	814
Other receivables	70	219
	772	1,035
Non-current portion		
Retention receivables (Note (b))		
- Related parties	792	1,256
- Non-related parties	—	859
	792	2,115

The fair values of non-current retention receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values of non-current retention receivables and the market borrowing rates used are as follows:

	As at 31 October 2015	As at 26 October 2016
Borrowing rates (%)	5.35%	5.35%
Retention receivables (S$'000)	718	2,056

(a) *Trade receivables*

DHC Construction's credit terms to trade debtors other than retention receivables are generally on 35 days. The aging analysis of the trade receivables, based on invoice date, is as follows:

Aging analysis of trade receivables based on invoice date is as below:

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Less than 3 months	8,920	11,436
3 to 6 months	—	2,411
Over 6 months	—	44
	8,920	13,891

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with DHC Construction. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. DHC Construction does not hold any collateral over these balances.

The aging analysis of trade receivables past due but not impaired is as follows:

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Current	8,764	11,427
Overdue:		
Less than 3 months	156	9
3 to 6 months	—	2,411
6 months to 1 year	—	44
	8,920	13,891

(b) *Retention receivables*

Retention receivables were not yet past due as at 31 October 2015 and 26 October 2016 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

(viii) ***AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS***

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Contract costs incurred plus recognised profits less recognised losses	95,400	165,693
Less: progress billings	(95,076)	(171,015)
Balance at end of year/period	324	(5,322)
Analysed for reporting purposes as:		
Amounts due from customers for contract works	3,806	1,842
Amounts due to customers for contract works	(3,482)	(7,164)
	324	(5,322)

(ix) ***CASH AND CASH EQUIVALENTS***

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Cash at banks	5,658	6,419
Cash on hand	15	—
Short-term bank deposits	2,011	—
	7,684	6,419

The carrying amounts of cash and cash equivalents are denominated in Singapore Dollars.

(x) ***SHARE CAPITAL***

	No of ordinary shares	Amount
	'000	*S$'000*
2015		
Beginning of financial year	300	300
Issuance of shares	700	700
End of financial year/period	1,000	1,000
2016		
Beginning and end of financial year/period	1,000	1,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

In 2015, DHC Construction issued 700,000 ordinary shares respectively for a total consideration of S$700,000 as working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

(xi) ***TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS***

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Current portion		
Trade payables (Note (a))		
- Related parties	1,737	3,104
- Non-related parties	928	2,588
	2,665	5,692
Retention payables (Note (b))		
- Related parties	49	53
- Non-related parties	—	207
	49	260
Accrued construction costs	1,125	829
	3,839	6,781

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Other payables and accruals (Note (c))	1,518	3,199
Non-current portion		
Retention payables (Note (b))		
- Related parties	—	54
- Non-related parties	54	147
	54	201

The carrying amounts of trade and retention payables, other payables and accruals approximate their fair values and are denominated in Singapore Dollars.

(a) *Trade payables*

As at 31 October 2015 and 26 October 2016, the aging analysis of the trade payables, based on invoice date, is as follows:

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Less than 3 months	2,652	5,338
3 to 6 months	12	354
6 months to 1 year	1	—
	2,665	5,692

The average credit period granted by the subcontractors and suppliers is 35 days.

(b) *Retention payables*

Retention payables were not yet past due as at 31 October 2015 and 26 October 2016 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

(c) *Other payables and accruals*

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Rental deposits	—	98
Prepayment received	—	666
Goods and services tax payables	780	1,442
Other payables	738	993
	1,518	3,199

(xii) ***DIVIDENDS***

	As at 31 October 2015	As at 26 October 2016
	S$'000	*S$'000*
Interim dividend in respect of current financial year of S$20.00 (2015: S$4.00) per share	4,000	20,000

(xiii) ***CONTINGENCIES***

DHC Construction was involved in litigation cases related to workplace injuries at construction site. As at 31 October 2015 and 26 October 2016, DHC Construction did not expect material contingent liabilities arising from the litigations, other than the provision recognised. Further to the resolution of this litigation case, the provision has been utilised during 2017.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of its subsidiaries in respect of any period subsequent to 31 October 2017 and up to the date of this report. Except as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any of its subsidiaries comprising the Group in respect of any period subsequent to 31 October 2017.

The information set forth in this appendix does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to the equity holders of our Company as of 31 October 2017 as if the Global Offering had taken place on 31 October 2017.

The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the net tangible assets of our Group as at 31 October 2017 or at any future dates following the completion of the Global Offering. The unaudited pro forma adjusted net tangible assets of our Group is based on the audited consolidated net tangible assets of our Group attributable to our equity holders of our Company as at 31 October 2017, as shown in the Accountant's Report of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 October 2017[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets attributable to equity holders of our Company as at 31 October 2017	Unaudited pro forma adjusted net tangible assets per Share[3]	
	S$'000	*S$'000*	*S$'000*	*S$*	*Equivalent to HK$[4]*
Based on an Offer Price of HK$0.40 per Share....	60,259	22,040	82,299	0.051	0.307
Based on an Offer Price of HK$0.48 per Share....	60,259	27,241	87,500	0.055	0.326

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 October 2017 is extracted from the Accountant's Report of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 October 2017 of S$62,463,000, with an adjustment for the intangible assets as at 31 October 2017 of S$2,204,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$0.40 per Share and HK$0.48 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately S$3,271,000 which have been accounted for prior to 31 October 2017) payable by our Company and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,600,000,000 Shares were in issue assuming that the Global Offering and Capitalisation Issue had been completed on 31 October 2017 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of preparing this unaudited pro forma statement of adjusted net tangible assets, the amount denominated in Singapore dollars have been converted to Hong Kong dollars at the rate of S$1 to HK$5.9682, as set out in "Information About this Prospectus and the Global Offering — Conversion and Exchange Rates" to this prospectus. No representation is made that the S$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at all.

(5) The unaudited pro forma adjusted net tangible assets does not take into account the interim dividends of approximately S$23,850,000 declared in April 2018. Had such dividend been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be approximately S$0.037 (equivalent to HK$0.218), assuming an Offer Price of HK$0.40 per Share, and approximately S$0.040 (equivalent to HK$0.237), assuming an Offer Price of HK$0.48 per Share.

(6) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 October 2017. In particular, the unaudited pro forma adjusted net tangible assets per Share has not taken into account the dividend declared and paid after the Track Record Period.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of HPC Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of HPC Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 October 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 27 April 2018, in connection with the proposed initial public offering of the shares of the Company. 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.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 October 2017 as if the proposed initial public offering had taken place at 31 October 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 October 2017, on which an accountant's report has been published.

Directors' Responsibility 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 ("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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our firm applies Hong Kong Standard on Quality Control 1 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 Accountant's 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 accountant plans and performs 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed initial public offering at 31 October 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 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 accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, 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 by the directors of the Company 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.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 27 April 2018

24 February 2018

HPC Builders Pte. Ltd.
Blk 165 Bukit Merah Central
#08-3687
Singapore 150165

Dear Sirs

VALUATION OF 56 LOYANG WAY #01-08 SINGAPORE 508775

In accordance with your instructions, we have prepared this valuation certificate for the property at **56 Loyang Way #01-08 Loyang Enterprise Building, Singapore 508775** (hereinafter referred to as the "subject property") in compliance with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation - Professional Standards published by the Royal Institute of Chartered Surveyors ("RICS") and The Valuation Standards and Practice Guidelines (2015 Edition) published by the Singapore Institute of Surveyors and Valuers ("SISV"). Both incorporate the International Valuation Standards ("IVS") published by the International Valuation Standards Council ("IVSC").

Our director, Ngeng Fung Ching Lena has conducted the inspection of the subject property on 13 February 2018 and did not observe any disrepair which is serious. Our site inspection does not constitute as a structural survey and we could not provide any assurance the subject property is free from any structural defect. Ngeng Fung Ching Lena has 20 years of property valuation experience in Singapore.

We have carried out the title search with the Integrated Land Information Service from the Singapore Land Authority. However, no title document has been issued for the subject property as at the date of valuation. We have relied on the information such as strata floor area found in the Sale and Purchase Agreement dated 1 September 2016 provided by our client and have assumed that the information are accurate and ownership of the subject property belongs to our client as at the date of valuation.

No requisition has been carried out with the various public authorities to confirm whether the property is affected by any public schemes such as road improvements, etc. Our valuation is made on the assumption that the subject property is free of such schemes. We also have not made allowance for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have valued the subject property on a market value basis using the Direct Comparison Method. The phrase "market value" as used herein means the best price at which an interest in a property might reasonably expected to be sold at the date of valuation, taking into account ofthe following:

i) the nature of the property and the state of the market and assuming there is a willing buyer/ seller;

ii) a reasonable period within which to negotiate the sale;

iii) values will remain static throughout the period;

iv) the subject property will be freely exposed to the market with reasonable publicity; and

v) no account is to be taken ofan additional bid by purchaser with a special interest.

The Direct Comparison Method takes into consideration the recent sales of comparable properties and current asking prices in the vicinity as well as other relevant factors.

We attached herewith our valuation certificate summarising the subject property details and legal descriptions. The value of the subject property is in Singapore Dollars.

Yours faithfully
For and on behalf of
A Star Valuer Pte Ltd
(F.k.a A*Valuer Property Consultants Pte Ltd)

Ngeng Fung Ching Lena
B.Sc. (Est. Mgt.), MSISV
Appraiser Licence No: AD041-2006845K
Director

VALUATION CERTIFICATE

1.0 Address of Property

56 Loyang Way, #01-08 Loyang Enterprise Building, Singapore 508775.

2.0 Date of Inspection

13 February 2018.

3.0 Property Details

3.1 **Registered Subsidiary Proprietor**

HPC Builders Pte. Ltd.

3.2 **Legal Description**

Strata Lot MK.31-U36579W.

3.3 **Tenure**

Leasehold of 30 years commencing from 4 September 2013.

3.4 **Type**

Factory.

3.5 **Strata Floor Area**

787.0 sq m (8,471.2 sq ft) including void area of 310.0 sq m (3,336.8 sq ft).

3.6 **Age**

Approximately 2 years old.

3.7 **Condition**

Average.

4.0 Town Planning

Under the Singapore Master Plan (2014 edition), the land is zoned for "Business 2" with a plot ratio of 2.5.

"Business 2" refers to areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.

5.0 Tenancy Details

We are advised that approximately 477.0 sq. metres (5135.0 sq ft) the subject property is tenanted at a monthly rental of S$12,324.00 (S$2.40 per sq ft) for a period of 36 months ending on 30 April 2019.

6.0 Location & Locality

The subject property is located at Loyang Way, within an industrial estate at the eastern region of Singapore. The estate comprises a mixture of purpose-built factories and multiple-user industrial buildings.

7.0 Method of Valuation

The valuation is based on Direct Comparison Method, taking into consideration the sales of comparable properties from 2016 to 2017 within the subject development.

The selected comparables are strata-titled units located on the first and second storey with unit rates ranging from S$201.00 per sq ft to S$315.00 per sq ft. We have further made adjustments for differences in market conditions, size, floor level and other relevant factors to arrive at a unit rate of S$307.00 per sq ft.

8.0 Valuation as at 14 February 2018

With due regard to the foregoing and taking into consideration the market conditions and other relevant factors, we are of the opinion that the value of the subject property at **56 Loyang Way, #01-08 Loyang Enterprise Building, Singapore 508775** with vacant possession, is in the order of **S$2,600,000/- (Singapore Dollars Two Million and Six Hundred Thousand).**

Yours faithfully,

Ngeng Fung Ching Lena
Licensed Appraiser AD041-2006845K
A Star Valuer Pte Ltd
F.k.a A*Valuer Property Consultants Pte Ltd

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 13 October 2016 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 19 April 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) ***Alteration of capital***

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) 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 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 installment 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 Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of 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, 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 the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and 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 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 8 November 2016.

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 IV to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 13 October 2016. We have established a place of business at 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and were registered in Hong Kong as an overseas company under Part XVI of the Companies Ordinance on 15 December 2016. Leung Wing Han Sharon (梁穎嫻) of 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company.

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 the Memorandum and Articles of Association. A summary of certain relevant provisions of its constitution and certain relevant aspects of the Companies Law is set out in Appendix IV of this prospectus.

2. Changes in share capital of our Company

As of the date of incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each and Sharon Pierson subscribed for one Share. On the same date, the said one Share was transferred to Tower Point for a consideration at par value. Upon such transfer, our Company became wholly-owned by Tower Point.

On 27 October 2016, our Company issued and allotted 549,999 and 450,000 Shares to Tower Point and Creative Value, respectively. Upon completion and settlement of such allotment, our Company was owned as to 55% by Tower Point and 45% by Creative Value.

Pursuant to the written resolutions of all Shareholders on 19 April 2018, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each by the creation of an additional 9,962,000,000 Shares of HK$0.01 each (ranking *pari passu* in all respects with the then existing issued Shares) such that the authorised share capital of our Company became HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each.

Immediately following completion of the Global Offering and the Capitalisation Issue and assuming that the Over-allotment Option is not exercised, the authorised share capital of our Company will be HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each, of which 1,600,000,000 Shares will be issued fully paid or credited as fully paid, and 8,400,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "3. Written resolutions of all the Shareholders of our Company passed on 19 April 2018" 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 the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since incorporation.

3. Written resolutions of all the Shareholders of our Company passed on 19 April 2018

Pursuant to the written resolutions of all Shareholders passed on 19 April 2018:

(a) our Company approved and adopted the Memorandum of Association with immediate effect and the Articles of Association with effect from the Listing Date;

(b) our Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each;

(c) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued 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)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) our Company approved and 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 Global Offering, the sum of HK$11,990,000 be capitalised and be applied in paying up in full at par 1,199,000,000 Shares for allotment and issue to the Shareholders whose names were on the register of members of our Company immediately prior to the Global Offering and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares. For the avoidance of doubt, the Shares to be allotted and issued pursuant to the Capitalisation Issue shall be ordinary shares of HK$0.01 each in the share capital of our Company;

(iii) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to approve to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option 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, among others, to grant options to subscribe for Shares under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of options granted under the Share Option Scheme and to take such action as they consider necessary, expedient or desirable to implement the Share Option Scheme;

(v) a general unconditional mandate was given to our Directors to allot, issue and deal with Shares (otherwise than pursuant to, among others, a rights issue or the exercise of any options under the Share Option Scheme or any scrip dividend scheme or similar arrangements) with an aggregate nominal value of not more than the sum of:

(i) 20% of the total number of Shares of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any share options which may be granted under the Share Option Scheme); and

(ii) the number of Shares repurchased by our Company (if any);

(vi) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose with a total number of not more than 10% of the Shares of our Company in issue or to be issued immediately following the completion of the Global Offering and Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any share options which may be granted under the Share Option Scheme);

(vii) the general unconditional mandate as mentioned in paragraph (v) above was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vi) above provided that such extended amount shall not exceed 10% of the aggregate of the total number of Shares in issue immediately following the Global Offering and the Capitalisation Issue but before the exercise of and any options which may be granted under the Share Option Scheme; and

Each of the general mandates referred to in paragraphs (v), (vi) and (vii) above will remain in effect until whichever is the earliest of:

(i) 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;

(ii) the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

4. Reorganisation

In order to rationalise our structure and prepare for the Listing, our Company has undertaken certain restructuring steps. Please see the paragraph headed "History, Reorganisation and Corporate Structure — Corporate Reorganisation" in this prospectus for details.

5. Changes in share capital of the subsidiaries of our Company

A. *Subsidiaries of our Company*

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

B. *Changes in share capital of the subsidiaries of our Company*

Save as disclosed in the paragraph headed "Reorganisation" in this Appendix and the section headed "History, Reorganisation and Corporate Structure" in this prospectus, the following changes in share capitals and changes in shareholdings of certain subsidiaries of our Company took place during the two years immediately preceding the date of this prospectus:

HPC Investments

HPC Investments was incorporated as a limited liability company under the laws of BVI on 13 October 2016 with an authorised share capital of US$50,000, divided into 50,000 ordinary shares of nominal value of US$1 each. On 17 October 2016, one share in HPC Investments was allotted and issued to our Company at par value. HPC Investments is an investment holding company.

DHC Investments

DHC Investments was incorporated as a limited liability company under the laws of BVI on 13 October 2016 with an authorised share capital of US$50,000, divided into 50,000 ordinary shares of nominal value of US$1 each. On 17 October 2016, one share in DHC Investments was allotted and issued to our Company at par value. DHC Investments is an investment holding company.

HPC Builders

On 27 October 2016, pursuant to a sale and purchase agreement dated 26 October 2016 entered into by and among Mr. Wang, Mr. Shi, HPC Investments and our Company, Mr. Wang and Mr. Shi transferred 8,250,000 shares and 6,750,000 shares in the capital of HPC Builders, respectively, representing the entire shareholding interest in HPC Builders in aggregate, to HPC Investments. Upon completion and settlement of the above transfers, HPC Investments holds 100% of HPC Builders.

DHC Construction

On 27 October 2016, pursuant to a sale and purchase agreement dated 27 October 2016 entered into between Mr. Shi and DHC Investments, Mr. Shi transferred 1,000,000 shares in the capital of DHC Construction, representing the entire shareholding interest in DHC Construction, to DHC Investments, for a cash consideration of S$8,000,000, which was settled on the same date. Upon completion and settlement of the above transfer, DHC Investments holds 100% of DHC Construction.

On 24 July 2017, the issued share capital of DHC Construction was increased by S$2,000,000 with 2,000,000 shares of S$1 each being alloted, issued and credited as fully paid to DHC Investments by way of capitalisation of retained earnings. Upon completion of such issuances, the issued share capital of DHC Construction was increased to S$3,000,000 divided into 3,000,000 shares of $1 each.

6. Repurchase by our Company of our own securities

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 Main Board 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 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 of our Company passed on 19 April 2018 by all the Shareholders of our Company, a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose with a total number of not more 10% of the Shares of our Company in issue or to be issued immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any share options which may be granted under the Share Option Scheme), such mandate to expire at the earliest of: (i) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or (iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting whichever shall first occur.

(ii) ***Source of funds***

Any repurchase of Shares by our Company must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum and Articles of Association, Listing Rules and the Cayman Companies Law. We may not repurchase our own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any repurchase of Shares by our Company may be made out of profits of our Company, out of our Company's share premium account or out of proceeds of a fresh issue of Shares made for that purpose or, if so authorised by the Articles of Association of our Company and subject to the provisions of the Cayman Companies Law, out of capital.

(iii) ***Shares to be repurchased***

The Listing Rules provide that the Shares which are proposed to be repurchased by our Company must be fully-paid up.

(b) **Reasons for repurchases**

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable them 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 Shareholders.

(c) **Material adverse impact**

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our 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 Company's 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 would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(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 our Company.

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 and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company 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, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Company has not made any repurchases of our own securities in the past six months. No core connected person (as defined in the Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR COMPANY'S BUSINESS

1. Summary of the Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) a sale and purchase agreement dated 26 October 2016 entered into by and among Mr. Wang, Mr. Shi, HPC Investments and our Company, pursuant to which Mr. Wang and Mr. Shi agreed to sell, and HPC Investments agreed to acquire, 8,250,000 and 6,750,000 shares, respectively, representing the entire issued and paid-up share capital of HPC Builders in aggregate, for a consideration of S$45,723,021.85 which shall be satisfied by the allotment and issuance by our Company of an aggregate of 549,999 and 450,000 Shares to Tower Point and Creative Value, respectively at par value;

(b) a sale and purchase agreement dated 27 October 2016 entered into by and between Mr. Shi and DHC Investments, pursuant to which Mr. Shi agreed to sell, and DHC Investments agreed to acquire, the entire issued and paid-up share capital of DHC Construction for a cash consideration of S$8,000,000;

(c) a deed of joint operations dated 27 December 2016 entered into by and between HPC Builders and JBS Development, pursuant to which HPC Builders and JBS Development agreed to (i) jointly undertake and execute construction and building works for Housing and Development Board upgrading projects on the terms and conditions set out thereunder; and (ii) acknowledge, recognise and confirm the terms and conditions on which the Housing and Development Board upgrading projects have been jointly undertaken and executed by HPC Builders and JBS Development prior to the date thereof (the "**Joint Operations Deed**");

(d) a deed of termination dated 12 January 2017 entered into by and between HPC Builders and JBS Development, pursuant to which HPC Builders and JBS Development agreed to terminate the Joint Operations Deed and to release each other from all agreements and obligations with respect to the Joint Operations Deed;

(e) the Deed of Non-competition;

(f) the Deed of Indemnity; and

(g) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of our Group

As of the Latest Practicable Date, our Group does not have any patents, trademarks, registered designs, copyrights or other intellectual or industry property rights.

3. Further Information About Our Directors

a. *Directors' service contracts and letters of appointment*

Each of our Executive Directors, namely, Mr. Wang and Mr. Shi has entered into a service contract with our Company on 19 April 2018 for an initial term of three years commencing from the Listing Date, which will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other.

Mr. Zhu Dong (朱東) has entered into a letter of appointment on 25 January 2017 with our Company for an initial term of three years commencing from such date ("**Original Contract**"). Subsequently, he has entered into another letter of appointment on 19 April 2018 with our Company for an initial term of three years commencing on the Listing Date, which will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other. The Original Contract will also be superseded in full from the Listing Date.

Each of our other three independent non-executive Directors, namely, Mr. Leung Wai Yip (梁偉業), Ms. Ng King Wai Diana (吳敬慧) and Mr. Ong Toon Lian (翁敦廉) has entered into a letter of appointment with our Company on 19 April 2018 which will continue thereafter an initial term of 3 years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party to the other.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company 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)).

b. *Directors' remuneration during the Track Record Period*

Our Company's policies concerning remuneration of Executive Directors are (i) the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Company; and (ii) non-cash benefits may be provided to our Directors under their remuneration package.

For the three years ended 31 October 2017, the aggregate of the remuneration paid and benefits in kind granted to our Directors by our Group was approximately S$0.3 million, S$0.4 million and S$0.6 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable for the three years ended 31 October 2017 by our Company to our Directors.

Under the arrangements currently in force, our Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) by our Company for the year ending 31 October 2018 will be approximately S$1.2 million.

DISCLOSURE OF INTERESTS

1. Disclosure of Interests

(a) ***Interests and short positions of our Directors in the share capital of our Company and our associated corporations following the Global Offering and the Capitalisation Issue***

(i) *Interest in our Company*

As of the Latest Practicable Date and immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the share options to be granted under Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of our Directors and the chief executive in the Shares, underlying Shares and debentures of our Company and 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 our Company 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 of our Company and our associated corporations:

Long positions in our Company

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest
Mr. Wang(1)	Interest in a controlled corporation	660,000,000	41.25%
Mr. Shi(2)	Interest in a controlled corporation	540,000,000	33.75%

Notes:

(1) Mr. Wang is interested in the entire issued share capital of Tower Point and is therefore deemed to be interested in the Shares held by Tower Point in our Company.

(2) Mr. Shi is interested in the entire issued share capital of Creative Value and is therefore deemed to be interested in the Shares held by Creative Value in our Company

(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 Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the share options to be granted under Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons (other than the Directors and chief executive of our Company) are expected to have interests or short positions in the Shares or underlying shares of our Company which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, 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 any member of our Group.

(i) *Interests and short positions in the Shares and underlying shares of our Company:*

Long positions in our Company

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Tower Point	Beneficial Interest	660,000,000	41.25%
Creative Value	Beneficial Interest	540,000,000	33.75%

2. Disclaimers

Save as disclosed in this prospectus:

(a) our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately after completion of the Global Offering and the Capitalisation Issue (taking no account of the Over-allotment Option or any Shares which may be issued upon exercise of share options to 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 our Company 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 our Group;

(b) none of our Directors has any interest or short position in any of the 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 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 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 our Company and the Stock Exchange pursuant to the Model Code For Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;

(c) none of our Directors nor any of the parties listed in the paragraph headed "Other Information — 10. Consents of experts" of 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 "Other Information — 10. Consents of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company's business;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "Other Information — 10. Consents of experts" of 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 associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our Company's issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution of all the Shareholders passed on 19 April 2018 (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 mentioned in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing 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. 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 all the shareholders of our Company 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 160,000,000 Shares (representing the initial Scheme Mandate Limit (as mentioned in the following paragraph)) to be allotted and issued pursuant to the exercise of the Options (as mentioned in the following paragraph) in accordance with the terms and conditions of the Share Option Scheme;

(c) the commencement of dealing of the Shares on the Stock Exchange on the Listing Date; and

(d) the obligations of the underwriters under the Underwriting Agreement(s) becoming unconditional and not being terminated in accordance with the terms thereof or otherwise.

3. Who may join

Our Board may, at its absolute discretion, offer options (the "**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 (the "**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 (the "**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 persons referred above are the "**Eligible Persons**")

4. Maximum number of Shares

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 Group shall not in aggregate exceed 10 per cent of the Shares in issue as of the Listing Date, being 160,000,000 Shares, excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option (the "**Scheme Mandate Limit**") provided that:

(a) our Company may at any time as the 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 per cent of the Shares in issue as of the date of approval by 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 shall issue a circular to our Shareholders containing the details and information required under the Listing Rules.

(c) Notwithstanding paragraph (a) above, 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 Shares in issue 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.

5. 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 Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the 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 per cent of the Shares, such further grant shall be separately approved by the shareholders of our Company 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 Company's 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.

6. 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) provided that:

(a) no Options shall be granted after the termination of the Share Option Scheme in accordance with its terms;

(b) no Options shall be granted if our Company would be required to issue a prospectus or offer document in respect of such grant under relevant laws or regulations applicable to our Company;

(c) no Options shall be granted if the grant would result in a breach by our Company or its directors of relevant laws or regulations (including those relating to securities); and

(d) any Option, once issued, shall not be reissued under the Share Option Scheme.

7. 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 associate(s) 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 million,

such further grant of Options must be approved by shareholders of our Company. Our Company shall send a circular to Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company must abstain from voting in favour at such general meeting.

Approval from the shareholders of our Company 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.

8. Offer period and number accepted

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.

9. Restriction on the time of grant of Options

Our 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 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.

10. 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 all or 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 needs to be achieved by the grantee before the Option can be exercised.

11. Amount payable for Options

The amount payable on acceptance of an offer of any Option is HK$1.00.

12. 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 quotation sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.

13. Exercise of Option

(i) 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 the Share Option Scheme by the grantee (or his 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 legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.

(ii) 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.

(iii) 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.

(iv) Subject as hereinafter provided, among others:

(a) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;

(b) in the event that the grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground of, among others, serious misconduct, or grounds allowing his summary dismissal under his employment contract or under common law, 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;

(c) 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 shareholders of our Company (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;

(d) 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 legal representatives or receiver) may until the expiry of the earlier of:

(i) the option period (in respect of any particular Option, the period commencing immediately after the business day (as defined in the Listing Rules) on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and expiring on a date to be determined by our Board (at its absolute discretion) to each grantee provided that such period shall not exceed the period of 10 years from the date of the grant of a particular Option but subject to the provisions for early termination thereof contained in the Share Option Scheme);

(ii) the period of two months from the date of such notice; or

(iii) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Option;

(e) 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 legal personal representative(s)) shall be entitled to exercise all or any of his options at any time no 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.

14. 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 the allotment date or, 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 the allotment date or, 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.

A 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.

15. Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which no further Options will be offered but the provisions of the Share Option Scheme shall remain in force and effect in all 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.

16. 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 mentioned in the paragraphs related to exercise of Option in this section;

(c) subject to the period mentioned in the paragraph headed "13. Exercise of Option" in this section, the date of the commencement of the winding-up of our Company;

(d) there is an unsatisfied judgement, order or award outstanding against the grantee or our Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/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 (d) above and in the paragraph headed "13. Exercise of Option"; or

(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 our 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.

17. 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, open offer, rights issue, consolidation, 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 (other than an adjustment arising from a capitalisation issue), the auditors 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, other than any made on a capitalisation issue, 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 the same as (but shall not be greater than) as 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 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.

18. 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 the 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 of 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.

19. 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.

20. Transferability

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do (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.

21. Amendment

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 shareholders of our Company in general meeting, provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules: (i) 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); (ii) 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; (iii) any change to the authority of the Board or any person or committee delegated by the Board pursuant to the terms of the Share Option Scheme to administer the day-to-day running of it; and (iv) any alteration to the aforesaid termination provisions.

OTHER INFORMATION

1. The Deed of Indemnity

Mr. Wang, Mr. Shi, Tower Point and Creative Value have entered into the Deed of Indemnity with and in favor 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 Hong Kong, Singapore, 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 Hong Kong, Singapore, 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 or transaction on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The indemnities by Mr. Wang, Mr. Shi, Tower Point and Creative Value shall not apply:

(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 October 2017 (the "**Accounts**"); or

(b) for which any company of our Group is liable as a result of any event occurring or income, 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 October 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 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, in which case the liability of Mr. Wang, Mr. Shi, Tower Point and Creative Value (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, Mr. Wang, Mr. Shi, Tower Point and Creative Value 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), costs, 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 paragraphs headed "Business — Regulatory Compliance" and "History, Reorganisation and Corporate Structure — Our history — HPC Builders" of this prospectus.

2. Litigation

Save as disclosed in this prospectus, as of the Latest Practicable Date, neither our Company nor any of our subsidiaries is 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 our Company, that would have a material adverse effect on our results of operations or financial condition.

3. Preliminary Expenses

Our Company's estimated preliminary expenses are approximately US$6,460 and has been paid by our Company.

4. Promoter

There are no promoters of our Company.

5. Sole Sponsor

The Sole Sponsor made an application on our Company's behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, the grant of Shares that may be granted under the Share Option Scheme and 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 Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The aggregate sponsor's fees payable by us in respect of the Sole Sponsor's services for the Listing are HK$7.0 million.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 31 October 2017 (being the date to which our Company's latest audited consolidated 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 (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,

  (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

  (ii) no 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;

  (iii) no commissions, discounts, brokerages 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;

(b) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares, management shares or deferred shares;

(c) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in or debentures of our Company;

(d) 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;

(e) our Company has no outstanding convertible debt securities;

(f) 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 12 months immediately preceding the date of this prospectus;

(g) there is no arrangement under which future dividends are waived or agreed to be waived; and

(h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

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
BOCOM International (Asia) Limited	Licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
PricewaterhouseCoopers	Certified public accountants
Loo & Partners LLP	Singapore legal advisers to our Company
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Euromonitor International Limited	Independent market consultant
A Star Valuer Pte Ltd	Independent property valuer

10. Consents of experts

Each of BOCOM International (Asia) Limited, PricewaterhouseCoopers, Loo & Partners LLP, Conyers Dill & Pearman, Euromonitor International Limited and A Star Valuer Pte Ltd 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

Pursuant to Rule 11.14 of the Listing Rules and Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus, and copies of the material contracts referred to in the paragraph headed "Summary of the Material Contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Luk & Partners In Association with Morgan, Lewis & Bockius at Suites 1902-09, 19/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date that is 14 days from the date of this prospectus:

(i) the Memorandum and the Articles of Association of our Company;

(ii) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(iii) the audited consolidated financial statements of our Group for the years ended 31 October 2015, 2016 and 2017;

(iv) the report from PricewaterhouseCoopers on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(v) the property valuation report from A Star Valuer Pte Ltd, the text of which is set out in Appendix III to this prospectus;

(vi) the material contracts referred to in the paragraph headed "Further Information about our Company's Business — 1. Summary of the Material Contracts" of Appendix V to this prospectus;

(vii) the service contracts and letters of appointment with each of the Directors, referred to in the paragraph headed "Further Information about our Company's Business — 3. Further information about our Directors — a. Directors' Service Contracts and Letters of Appointment" of Appendix V to this prospectus;

(viii) the written consents referred to in the paragraph headed "Other Information — 10. Consents of Experts" of Appendix V to this prospectus;

(ix) the Singapore legal opinions prepared by Loo & Partners LLP, our legal adviser as to Singapore law, in respect of certain aspects of our Group and our property interests;

(x) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Companies Law referred to in Appendix IV to this prospectus;

(xi) the Cayman Companies Law;

(xii) the rules of the Share Option Scheme; and

(xiii) the Euromonitor Report.

HPC HOLDINGS LIMITED